DOCUMENT RESUME

ED 250 631 CG 017 833

| | |
|---|---|
| TITLE | Organized Crime and Drug Enforcement Task Force. Hearing before the Committee on the Judiciary. United States Senate, Ninety-Eighth Congress, First Session on the Organized Crime and Drug Enforcement Task Force in the Mid-Atlantic Region Which Would Coordinate Government Agencies, Including U.S. Attorneys, the FBI, DEA, Customs Service, BATF, and the IRS. Dover, Delaware. |
| INSTITUTION | Congress of the U.S., Washington, D.C. Senate Committee on the Judiciary. |
| REPORT NO | S-Hrg-98-928 |
| PUB DATE | 13 Dec 83 |
| NOTE | 80p.; Some pages are marginally legible due to small print. |
| PUB TYPE | Legal/Legislative/Regulatory Materials (090) |
| EDRS PRICE | MF01 Plus Postage. PC Not Available from EDRS. |
| DESCRIPTORS | Agency Cooperation; *Crime; *Crime Prevention; Federal Legislation; Government Role; Hearings; *Illegal Drug Use; *Law Enforcement |
| IDENTIFIERS | Congress 98th; Task Force Approach |

ABSTRACT

This document presents testimony and proceedings from the Congressional hearings on organized crime and drug enforcement in the Mid-Atlantic region, and government efforts to solve these problems. Opening statements are presented from Senators Strom Thurmond and Joseph Biden. Testimony is also presented from the United States attorneys for the districts of Maryland, Delaware, and eastern Pennsylvania, as well as from a panel consisting of Daniel Simpson, Delaware State Police; John Wilder, special agent in charge, Drug Enforcement Administration, Philadelphia; and Dana Caro, special agent in charge, Federal Bureau of Investigation, Baltimore. Topics covered include the scope of the drug problem in the region, efforts of the government's task force to combat it, and the effectiveness of agency cooperation. Methods of financing drug trafficking and money laundering schemes are also described. (JAC)

**********
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
**********

S. HRG. 98-928

# (MID-ATLANTIC REGION) ORGANIZED CRIME AND DRUG ENFORCEMENT TASK FORCE

ED250631

## HEARING

BEFORE THE

## COMMITTEE ON THE JUDICIARY UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

THE ORGANIZED CRIME AND DRUG ENFORCEMENT TASK FORCE IN THE MID-ATLANTIC REGION WHICH WOULD COORDINATE GOVERNMENT AGENCIES, INCLUDING U.S. ATTORNEYS, THE FBI, DEA, CUSTOMS SERVICE, BATF, AND THE IRS

**Dover, Delaware**

DECEMBER 13, 1983

**Serial No. J-98-87**

Printed for the use of the Committee on the Judiciary

CG 017833

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

U.S. GOVERNMENT PRINTING OFFICE
36-005 O WASHINGTON : 1984

COMMITTEE ON THE JUDICIARY

STROM THURMOND, South Carolina, *Chairman*

CHARLES McC. MATHIAS, Jr., Maryland
PAUL LAXALT, Nevada
ORRIN G. HATCH, Utah
ROBERT DOLE, Kansas
ALAN K. SIMPSON, Wyoming
JOHN P. EAST, North Carolina
CHARLES E. GRASSLEY, Iowa
JEREMIAH DENTON, Alabama
ARLEN SPECTER, Pennsylvania

JOSEPH R. BIDEN, Jr., Delaware
EDWARD M. KENNEDY, Massachusetts
ROBERT C. BYRD, West Virginia
HOWARD M. METZENBAUM, Ohio
DENNIS DeCONCINI, Arizona
PATRICK J. LEAHY, Vermont
MAX BAUCUS, Montana
HOWELL HEFLIN, Alabama

VINTON DEVANE LIDE, *Chief Counsel and Staff Director*
DEBORAH K. OWEN, *General Counsel*
SHIRLEY J. FANNING, *Chief Clerk*
MARK H. GITENSTEIN, *Minority Chief Counsel*

# CONTENTS

## OPENING STATEMENTS


| | Page |
|---|---|
| Thurmond, Hon. Strom (chairman) | 1 |
| Biden, Hon. Joseph R., Jr | 3 |


## CHRONOLOGICAL LIST OF WITNESSES


| | |
|---|---|
| Panel consisting of: J. Frederick Motz, U.S. attorney for the district of Maryland; Joseph J. Farnan, Jr., U.S. attorney for the district of Delaware; and Edward S.G. Dennis, Jr., U.S. attorney for the eastern district of Pennsylvania | 8 |
| Panel consisting of: Daniel L. Simpson, Delaware State Police; John Wilder, special agent in charge, Drug Enforcement Administration, Philadelphia; and Dana E. Caro, special agent in charge, Federal Bureau of Investigation, Baltimore | 47 |


## ALPHABETICAL LISTING AND MATERIALS SUBMITTED


| | |
|---|---|
| Caro, Dana E.: | |
| Testimony | 52 |
| Answers to questions propounded by Chairman Thurmond | 68 |
| Dennis, Edward S.G., Jr.: | |
| Testimony | 22 |
| Prepared statement | 26 |
| Farnan, Joseph J., Jr.: | |
| Testimony | 33 |
| Answers to questions propounded by Chairman Thurmond | 40 |
| Motz, J. Frederick: | |
| Testimony | 8 |
| Prepared statement | 11 |
| Exhibit A—Attorney and agent position allocations | 14 |
| Exhibit B—Breakdown of cases, indictments, defendants, and drugs | 14 |
| Exhibit C—Breakdown of cases, indictments, sentences by districts | 15 |
| Answers to questions propounded by Senator Biden | 18 |
| Simpson, Daniel L.: | |
| Testimony | 47 |
| Letter to Chairman Thurmond, dated January 24, 1984, re spirit of cooperation in law enforcement in Delaware | 61 |
| Wilder, John: | |
| Testimony | 51 |
| Answers to questions propounded by Chairman Thurmond | 62 |
| Answers to questions propounded by Senator Biden | 65 |

# (MID-ATLANTIC REGION) ORGANIZED CRIME AND DRUG ENFORCEMENT TASK FORCE

---

TUESDAY, DECEMBER 13, 1983

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
*Dover, DE.*

The committee met, pursuant to notice, at 10:40 a.m., in the Old State House Building, Dover, DE, Hon. Strom Thurmond (chairman of the committee) presiding.

Also present: Senator Joseph R. Biden, Jr.

Staff present: Vinton DeVane Lide, chief counsel and staff director; Deborah K. Owen, general counsel; Mark Gitenstein, minority chief counsel; and Scott H. Green, minority legislative assistant, Subcommittee on Criminal Law.

## OPENING STATEMENT OF CHAIRMAN STROM THURMOND

The CHAIRMAN. The committee will come to order.

I am pleased to be here today with my distinguished colleague, Senator Joseph Biden, the ranking minority member of the Senate Judiciary Committee. This hearing complements a series of hearings that the committee has held this year on organized crime and drug trafficking.

We are very pleased to be in the great State of Delaware, which I believe was the first State to ratify the Constitution of the United States.

During my 30 years of service in the U.S. Senate, I have had the pleasure of working with many distinguished Senators from this State. When I first came to the Senate, Senator J. Allan Frear and Senator John Williams were ably representing Delaware. Former Gov. Caleb Boggs also made important contributions during his tenure in the Senate. This tradition of outstanding service to the people of Delaware continues to this day. The Governor, Pete DuPont, and his lovely wife have served this State well. Senators Roth and Biden are also dedicated public servants. Senator Roth is an expert on fiscal matters. Senator Biden, as the ranking minority member of the Senate Judiciary Committee, has worked closely with me on the important crime legislation. I deeply appreciate the outstanding work that Senator Biden has done on the Judiciary Committee in this area and am pleased to be in his home State today.

I look forward to working with him in the next session of Congress, in passing necessary and vital pieces of legislation to assist in curbing crime.

In a recent poll, the American people indicated more concern over the crime problem than any other except the economy. The latest FBI statistics reveal that a violent crime is committed every 25 seconds in this country; a murder, every 25 minutes; a forcible rape, every 7 minutes; a robbery, every 59 seconds, less than 1 minute; an aggravated assault, every 49 seconds; a property crime, every 3 seconds; a burglary, every 9 seconds; a larceny every 4 seconds; and a motor vehicle theft, every 30 seconds.

It is essential that legislation addressing this national problem be enacted forthwith. No one in the Senate is in a more strategic position to accomplish this than your distinguished Senator, Senator Biden. I am confident that he will cooperate to the fullest, as he has in the past.

The involvement of organized crime in drug trafficking currently poses one of the greatest threats to the domestic security of our Nation. It has invaded our way of life and, sadly, in some cases, even our political and criminal justice systems. The damage that drugs have inflicted on our youth is a national tragedy which imposes on elected and appointed officials, at all levels of government, the responsibility to fight this menace with every tool available under our Constitution. The President of the United States has declared war on organized crime and its drug trafficking activities. We in the Congress have pledged to join him in this bipartisan effort.

The drug problem in this country is immense. The profits generated rival those of our biggest legitimate corporations. The criminal elements involved are so well organized and financed that it has become extremely difficult for law enforcement agencies to keep illegal narcotics activity at current levels, let alone make a significant dent in the problem.

The President's nationwide war against organized crime drug trafficking activities was launched just 1 year ago. With cooperation from the Congress, millions of dollars and additional personnel have been channeled into a national task force system under the direction of the Attorney General. An interdiction effort, based on the stunning success of the Vice President's South Florida Task Force, is also underway.

The primary focuses of the task force effort have been two. The first involves coordination among involved Government agencies, including, on the Federal level, U.S. attorneys, the FBI, DEA, Customs Service, BATF, and the IRS. Furthermore, in the spirit of appropriate comity between the Federal Government and State law enforcement, there has been increased emphasis on cooperation with local agencies. I understand that we will hear impressive testimony this morning on such joint efforts in the mid-Atlantic region.

The second focus of the task force effort has been in the area of forfeitures. The administration has quite correctly identified the Achilles heel of the drug trafficking ring: Money. Substantial forfeitures of capital and profits will deprive organized crime of the fuel it needs to run its nefarious operations. To further encourage and improve this approach, the Senate Judicary Committee has reported a Comprehensive Crime Control Act, which includes substantial reforms in Federal forfeiture laws. In particular, the act

will funnel the profits forfeited by drug traffickers into appropriations for law enforcement activities to further finance their demise.

Although the President's program is still in its infancy, its successes to date are noteworthy. The recent seizure of $350 million in narcotics in my own State of South Carolina was the result of the task force effort. Late last week, indictments of several major drug trafficking figures were returned in the District of Columbia. I understand that we will also be hearing this morning of a major success in the State of Delaware. All of these examples point to the need for continued, coordinated efforts on the part of all law enforcement agencies.

The administration's concerted law enforcement effort alone is not enough. Enactment of the Comprehensive Crime Control Act of 1983, which enjoys wide bipartisan support in both Houses of Congress, is imperative. In addition to forfeiture reform, the act contains a multitude of improvements in the Federal criminal law which will facilitate the fight against organized crime. Bail reform is vital, since drug traffickers can afford to abandon posted bond in the millions of dollars as a cost of doing business. Sentencing reform is likewise a must to ensure that major traffickers receive stiff punishment in all parts of the country. Penalties for drug trafficking must be increased to provide a realistic deterrent to drug trafficking.

The war against organized crime will only be won if we combine swift and certain prosecution with strong penalties. To that end, the crime package will be considered on the floor of the Senate early in the second session of the 98th Congress. Subsequent prompt action on that package by the House of Representatives is essential.

Again, it is a great pleasure to be here in this great State. I look forward to hearing from the U.S. attorneys, the FBI, the DEA, and State agents about the reportedly successful operations of the Mid-Atlantic Organized Crime Drug Enforcement Task Force.

We will now afford an opportunity to the distinguished ranking member of the Judiciary Committee, Senator Biden, for his opening statement.

**OPENING STATEMENT OF SENATOR JOSEPH R. BIDEN, JR.**

Senator BIDEN. First, I welcome you to Delaware, and let me add that this building is the second-oldest seat of Government in continuous operation in the United States of America.

I tell you that, in light of those nice comments you made about me, I will be happy to come to South Carolina. As the former chairman of this committee, one of your predecessors, Senator Eastland, once said to me: "Joe, I will come up to Delaware and campaign for you or against you, whichever will help you the most."

And I will be happy to go to South Carolina to do that for you, Mr. Chairman, whichever will help the most. I suspect being against you may help you more.

Seriously, Mr. Chairman, I welcome you to Delaware. I think it is an important point to make, we have some very distinguished witnesses today. I am not going to delay this very long, but I would like to point out that something is changing. It is changing in the

nature of the task force, and it is changing in the nature in the way in which we approach the crime question. I think we have finally gotten over the hurdle, after 15 years of tending to overpromise and under-produce on the crime question of deciding to throw aside some of our partisan concerns. That is why the Thurmond-Biden bill passed the first time, and it is going to pass the Senate again this time. It is a comprehensive crime package that I think will significantly aid law enforcement officers in this Nation, without abrogating the Bill of Rights and without over-promising what we are going to do. It is just a solid piece of legislation made up of a number of parts, not the least of which are the three parts you mentioned: Forfeiture, bail reform, and sentencing.

Mr. Chairman, your presence at this hearing today demonstrates once again our bipartisan commitment to the law enforcement community. As the ranking Democrat on the Judiciary Committee I have had the opportunity to work closely with Chairman Thurmond. Under his leadership we have been able to move many important legislative initiatives which we believe will be major improvements in attacking the crime and drug problem in this country.

The drug problem in this country has reached such proportion that it affects every phase of our society. It affects the level of crime in the Nation, the condition of our educational system, and even the readiness of our military forces.

Let me, for the record cite several statistics:

Heroin related deaths now surpass the 800-per-year level for the first time since 1976. There are now nearly 500,000 heroin users in the United States;

Illegal drug consumption now exceeds $80 billion per year, an amount in excess of $350 per capita and about the amount spent for gasoline;

While the health of all other Americans has been improving, the death rate for young Americans between the ages of 15 and 24 is higher than it was 20 years ago. Medical experts are convinced that drug abuse has been the major factor in this frightening trend; and

A December 1982 special report in the Harvard Business Review revealed that in 1981 drug use by employees cost employers $16.4 billion in lost productivity.

At today's hearing we will discuss the Mid-Atlantic Regional Drug and Organized Crime Task Force. I have heard good things about the work being done by the many State and Federal agencies involved in the fight against drugs. It is also important that the committee find out first hand how these task forces are working in the regions. This field hearing will provide the Judiciary Committee with the first review of the regional task forces.

I'd like to welcome U.S. Attorneys Motz and Dennis to Delaware, although Mr. Dennis knows the Dover area better than I since he grew up here. Welcome home Mr. Dennis.

Mr. Farnan, the U.S. attorney for the Delaware district has recently concluded two major drug trafficking cases that I am interested in hearing more about. The coordinated investigation and prosecution of high-level drug traffickers is the cornerstone by which the success of these task forces will be judged. I am glad to

hear Mr. Farnan and others have hit the ground running with this task force and are using the funds as originally intended.

An important element of the task force program is the forfeiture of assets of high-level traffickers and their financiers. In 1970, Congress enacted the first Federal forfeiture statutes, but for 10 years those statutes were largely ignored, with only $2 million forfeited in the 1970's. These were pretty disappointing numbers for a mechanism that was supposed to break the backs of organized crime and large-scale drug traffickers.

Today, forfeiture is beginning to be recognized as the powerful weapon I have always thought it could be. In the past few years the Federal Government has put a much greater effort into forfeiture, and the results are very encouraging. In 1982 the Federal Government seized approximately a quarter billion dollars and obtained forfeiture of at least half that amount. That's very good news. And I understand that the numbers for 1983 will be even better. But compared to estimates that drug trafficking is a $70 or $80 billion a year business, I think we have a long, long way to go before we reach the forfeiture saturation point.

Forfeiture is a moneymaking idea: It can bring in much more money than it takes to run the program. For example, in a survey done in 1982 under the supervision of one of our witnesses today, Mr. Edward Dennis, reported that the narcotic and dangerous drug section at the Justice Department, of which Mr. Dennis was then the chief, had a budget for 1982 of $1,564,000. In that same year the narcotics section obtained forfeiture of over $34 million in property and currency, and had the forfeiture of another $29 million of assets in litigation.

Currently, Chairman Thurmond and myself have a bill that will enhance the success of criminal forfeiture in dozens of ways. Most importantly, the forfeiture bill: First, provides for forfeiture of substitute assets; second, gives much greater authority to courts to issue restraining orders; third, creates a new drug-asset criminal forfeiture statute so that prosecution and forfeiture can be combined in one proceeding; forth, increases the ceiling on the much speedier administrative forfeiture technique from $10,000 to $100,000; and fifth, creates a funding mechanism so that the profits of forfeiture can be used to pay the costs of seizing, storing, maintaining, and selling forfeitable assets. I think this legislation, together with an all-out, coordinated effort by the Federal departments and agencies, are what we need to make forfeiture a powerful weapon.

As many of you are aware I have long been a supporter of law enforcement and have worked to get these agencies the resources and legislation they need. In Washington, as many of your bosses will attest, I have been calling for some time for better coordination of our antidrug strategy. I believe that the work being carried out in this region is an example of how much better things can be if DEA, FBI, Customs, IRS, et cetera work together instead of individually on cases. When a big case is closed there is plenty of credit to go around. We cannot tolerate the waste of already limited resources in the drug fight because each agency wants to do their own investigation.



36-005 O - 84 - 2

I have taken a wait-and-see attitude on these new task forces. I have heard there are some good things taking place in our region both in terms of better funding and better coordination of multi-agency investigations.

It is for these reasons I requested this hearing. I also have requested the General Accounting Office to closely monitor the work of these task forces. GAO last week completed a preliminary report for me that says the task forces are back on schedule after some start-up problems and are beginning to make some large drug cases.

Another major task force case was just announced this weekend by U.S. Attorney Joseph E. DiGenova in Washington, DC, involving money laundering, importation and distribution of cocaine with 15 people indicted that included bankers and a Capitol Hill lobbyist.

It would appear that at the investigation and prosecution level, the mid-Atlantic task force is showing some results. It is important that those in the field demonstrate what can be accomplished with well coordinated law enforcement work.

However, there still needs to be better coordination at the policy level in Washington. There still needs to be one central figure with Cabinet-level status who would serve as the principal director of the U.S. operations and policy on illegal drugs. Thus the Congress and the public would have a single person to hold accountable for developing and implementing a Federal drug strategy.

There are four major aspects of the drug problem: Foreign eradication or crop substitution in the source countries; interdiction of drugs before they reach the U.S. borders and streets of our cities; enforcement and investigation of those individuals involved in drug trafficking in this country; and collection of intelligence useful in interrupting the flow of drugs at each of these stages. This director would oversee the development and implementation of a plan that addresses all of these aspects. He will have the authority, with consultation from the agencies and departments involved, to prioritize the Federal effort devoted to all aspects of the drug effort.

In seeing that the agencies and departments are coordinating and committing their resources in unison with the overall Federal antidrug program the director would exercise authority similar to that which the Director of Central Intelligence has in coordinating Federal intelligence responsibilities. This does not mean the director will involve himself with day-to-day command decisions or interfere with individual agency tasks.

I believe that with the help of Senator Thurmond we have convinced those in the Congress that the problem of drug abuse has reached such a dismal state that we must take immediate action. This past session I cosponsored an amendment to the State Department authorization bill that would cut off aid to nations not making legitimate progress in curtailing the cultivation and production of heroin, cocaine, and other illicit drugs that end up in the hands of young and middle-aged Americans. That amendment passed in the Senate by a vote of 96 to 0.

We voted unanimously last year to increase budgets for Federal agencies responsible for drug interdiction and enforcement. We have agreed that drug control is unique in both the danger it poses

to the social fabric of the Nation and in the necessary complexity of how our Government should respond.

I believe that the work of this task force is an example of what can be done by working together. However, until there is one individual who can bring to Congress and the American people a plan, and indicate how it will be implemented, I'm afraid we leave ourselves open to the problems of competition, duplication, and inefficiency.

I am going to be focusing today, I am telling the witnesses, on some of the forfeiture provisions that I would like to hear about. We have one person from Baltimore who is an expert in this area. I would like to hear a little bit about how the forfeiture provisions are working.

I would only add that the bill that you and I introduced, Mr. Chairman, which I am confident will pass early in the year, significantly aids the law enforcement officers not only in ways of being able to get those elicit gains from organized crime and narcotics activities but to see to it that those funds go back to the fellows who are going to be testifying today, to see to it that they can use those funds. We can really pay as you go. I firmly believe, if we pass our legislation, that we can see to it that the law enforcement officers and the Justice Department have an incentive to pursue the forfeiture of assets. Right now, they do not have that much incentive other than patriotic Americans doing their job.

I would like very much to see the provision passed where, as they break up these rings and they forfeit these significant amounts, millions of dollars, that that money go right back into law enforcement. They would be able to keep it and reinvest it in the law enforcement effort.

There are many other things to say. Let me conclude by saying, Mr. Chairman, that you outlined briefly—and I will only touch on two aspects of it—the scope of the problem. I would just like to mention two things. The people of Delaware have heard me for 7 years talk about drug problems, so it is nothing new to them; but let me add two aspects.

The death rate among Americans is decreasing for everyone over the age of 25 from 20 years ago. You are likely to live longer, if you make it to 25, than you did 20 years ago. Except if you are between the ages of, I believe, 14 and 25, you are going to find that your life expectancy is slightly less on a national basis than it was 20 years ago. More young people are dying than they were 20 years ago. There is one reason, beginning, middle, and end: Drugs. There is no other reason. Medical science has improved. Health conditions have improved. The environment has improved. Everybody else is reaping the benefits of that except people between the ages of 14 and 25, and they are dying because of drugs.

The second thing I would like to point out is this. When oil prices went up, Mr. Chairman, we talked about people are going to be spending in excess of $300 per year per capita, every man, woman and child in the allocation of cost of oil. Well, guess what? We spend more money per capita on illegal drugs in the United States of America than we do on gasoline for automobiles. It is $350 a year for every man, woman, and child in the United States of America. It is the biggest domestic problem that the United States

faces. And I would argue it is the single biggest foreign policy, defense-related issue that we face.

We have got some first-class witnesses. I am anxious to hear what they have to say, Mr. Chairman. Thank you.

The CHAIRMAN. Thank you, Senator Biden.

Our first panel today is made up of J. Frederick Motz, U.S. attorney for the District of Maryland; Joseph J. Farnan, Jr., U.S. attorney for the District of Delaware; and Edward S.G. Dennis, Jr., U.S. attorney for the eastern district of Pennsylvania. You gentlemen will please come to the witness table and have a seat.

Senator BIDEN. Mr. Chairman, Mr. Dennis of Pennsylvania probably knows more about what we are doing right here than Mr. Farnan and I, who are both from northern Delaware. Mr. Dennis, although he now represents eastern Pennsylvania, went to Dover High School here and is from Dover.

The CHAIRMAN. I believe each of you has a rather lengthy statement. Do you wish to put the entire statement in the record and summarize? How do you prefer to proceed?

Mr. MOTZ. That is how I would like to proceed, Mr. Chairman, by putting my statement in the record and then making a few other observations.

The CHAIRMAN. Without objection, your entire statement will go into the record; and you then just speak from the heart as you see fit.

**STATEMENTS OF A PANEL CONSISTING OF J. FREDERICK MOTZ, U.S. ATTORNEY FOR THE DISTRICT OF MARYLAND; JOSEPH J. FARNAN, JR., U.S. ATTORNEY FOR THE DISTRICT OF DELAWARE; AND EDWARD S.G. DENNIS, JR., U.S. ATTORNEY FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

Mr. MOTZ. Thank you, Mr. Chairman. Mr. Chairman and Senator Biden, on behalf of all of us from the mid-Atlantic region, I would first like to thank you for having asked us to testify here today. At the outset, all of us also would like to thank you for having enacted the legislation to create the mid-Atlantic task force and the other drug task forces throughout the United States. You have served the public well, and we in the mid-Atlantic region are doing all we can to meet the responsibility which you have properly placed upon us.

The task force is working well. As you can see from the written statement which I have submitted, 51 task force investigations have been initiated in the regions. They have resulted in the filing of 28 indictments against 129 defendants. Forty-seven defendants have been convicted. Substantial profits, constituting the profits and proceeds of major drug transactions have been forfeited to the Government. These successes have been due to the coordinated efforts of a myriad of Federal, State, and local law enforcement agencies. We have been working well together, and our efforts have been paying substantial dividends.

I would not be candid with you if I were to say that none of these cases would have been brought without the establishment of the Mid-Atlantic Drug Task Force. Even before the drug task force was created, law enforcement agencies in this region had been dedicat-

ed in their efforts to combat major drug trafficking. However, the drug task force has been a tremendous boost to our efforts.

The infusion of new resources has itself been invaluable. We have been able to make cases which we would not otherwise have been able to make, simply because we have had increased funds available to us for undercover buys, increased manpower and increased support equipment.

I would like to take this opportunity to assure you that we are making sure that the additional resources which you have committed to our care are being used for the specific purpose which you intended, and that is to combat major organized drug traffickers and their financiers.

The drug task force has also served as a catalyst to accelerate a regionalized and interagency approach to the war against drug trafficking. Again, I do not want to imply that before the creation of the drug task force we were so parochial that we focused our investigations only within the confines of our own regions and our own agencies. However, by formalizing the mechanisms and coordination, the task force has done much to assist us in getting to know one another and to trust one another across district and agency lines and to build successful investigations together.

I know that all of us in the region are very proud of what we are accomplishing. I think I know why we are being successful. That is because all of us in the mid-Atlantic region are approaching the drug task force as partners must approach any successful marriage to make it successful and fulfilling of its purpose. Let me expand upon this observation just a bit.

First, we from different districts and different agencies in the region respect one another. We do not seek to intrude upon what we recognize to be someone else's proper area of domain. We believe that our joint efforts will be all the stronger because we preserve our individual identities. For example, as the core city U.S. attorney for the mid-Atlantic region, I certainly do not believe that I should be making substantive decisions for Ed Dennis or for Joe Farnan in cases originating in Philadelphia or in Delaware. Likewise, we as U.S. attorneys realize that we have no right to attempt to assert line responsibility over investigative agencies that are assigned to task force cases. At the same time, all of us participating in the task force, lawyers and investigators alike, have established and maintained a process to make sure that we communicate with one another. We do not simply pay lipservice to this. We realize that coordination is something which requires constant attention and care and that we cannot take one another for granted. We also recognize that almost invariably a decision jointly made, precisely because it is a product of more information and a wider range of views, is a better decision than any of us would have made alone.

The development of any major case must be viewed as a continuum, from the beginning of the investigation, the conviction which is obtained, and the forfeiture and the liquidation of the drug-related properties. And we realize that throughout this investigation and prosecution, we must all be in communication with one another.

There is another respect in which our success may be analogized to a successful marriage. From the very beginning, when the task

force began to be set up, those from the different districts have been willing to yield on such matters as resource allocation, where the good of the greater region was more important than the good of an individual district. Let me just give you the example of my good friend, Joe Farnan, who, after analyzing the needs of his district and realizing that there were limited allocations available for this region, agreed not to request any additional U.S. attorneys for his district, provided only that we from the rest of the region agreed to help out if a task force case were to drain his manpower.

We have also established intelligent and sensible procedures to prevent unnecessary conflict between us. For example, just as we have learned that the program of cross designation of State and Federal prosecutors has worked well to avoid so-called turf battles between State and local officials, so we have decided that if two assistant U.S. attorneys from different districts are working together on a task force case, one be cross-designated to another district where the case should properly be brought. As a result of this venue——

Senator BIDEN. What do you mean by cross-designated?

Mr. MOTZ. Well, say if one of my agents' assistants was working with Ed Dennis, he could be appointed by Ed Dennis in the Philadelphia case. And if we do this, we will be basing venue decisions upon the merits of the case and not upon the ego of the particular U.S. attorney or assistant U.S. attorney.

I do not want to leave you with the impression, Senators, that we are saints in the mid-Atlantic region. We certainly are not. We are strong-willed men and women who are very proud of the agencies of which we are a part. We have firm views as to how investigations and criminal prosecutions should be conducted. However, we have learned to talk to one another and to listen to one another and to improve our judgment and our performance as law enforcement officials as a result. On those inevitable occasions when, because of the press of business or momentary neglect, we forget to confer with someone we should have conferred with before taking some action, we make sure that we do not let that problem fester. If one of us feels aggrieved, we pick up the telephone, call somebody on the phone who we are angry at, and make sure that the problem never again happens.

In short, Senators, we in the mid-Atlantic region have a will to make the Mid-Atlantic Drug Task Force work. And that is why I think it is working.

Thank you very much. If I may, I will now turn it over to Ed Dennis.

The CHAIRMAN. I probably should have done this at the beginning. Let me introduce the chief counsel of the Judiciary Committee, Mr. Vinton D. Lide. Mr. Mark Gitenstein is Senator Biden's chief counsel. Mr. Scott Green also assisted with this hearing. Mr. Robert McConnell, Assistant Attorney General, is here. Ms. Deborah Owen is general counsel to the Judiciary Committee.

We are very pleased to have all these people here.

We will insert Mr. Motz' prepared statement into the record at this point, without objection.

[Material referred to follows:]

STATEMENT OF J. FREDERICK MOTZ, UNITED STATES ATTORNEY
FOR THE DISTRICT OF MARYLAND, AND CORE CITY UNITED STATES
ATTORNEY FOR THE MID-ATLANTIC ORGANIZED CRIME DRUG ENFORCEMENT
TASK FORCE PROGRAM, BEFORE THE SENATE JUDICIARY COMMITTEE, SUBCOMMITTEE
ON CRIME, HEARINGS IN DOVER, DELAWARE ON TUESDAY, DECEMBER 13, 1983

Thank you, Senators, for the invitation to testify before this subcommittee.

Initial case selection and resource allocation for the twelve Organized Crime Drug Enforcement Task Forces began in January and February of 1983 and was completed by April of this year. The additional prosecutors, agents and support personnel for the Mid-Atlantic Region are enumerated in the attached Exhibit "A".

This program is designed to identify, investigate, prosecute and imprison the leadership and membership of high-level drug trafficking enterprises through a totally coordinated federal, state and local drug enforcement effort. In doing so, the Task Forces enhance existing federal law enforcement efforts against drugs and organized crime through the cooperation of the FBI, DEA, IRS, BATF, Customs Service, Coast Guard, and state and local law enforcement agencies. To date in the Mid-Atlantic Region the Drug Task Force has initiated 51 investigations. In 15 of these investigations, 26 indictments have been returned against 113 defendants. 46 defendants have already been convicted. A breakdown of defendants and types of drugs involved is attached as Exhibit "B".

In the Mid-Atlantic Region we are emphasizing prosecution of the leaders of these organized drug gangs by way of the continuing criminal enterprise statute, upon conviction of which, as the committee knows, the offender faces a life sentence without parole and substantial forfeiture of narcotics trafficking proceeds. 10 defendants have been indicted on CCE charges in the Mid-Atlantic Region thusfar.

We are also emphasizing the forfeiture of assets in our investigations. An example of this emphasis occurred recently in the District of Maryland when 17 defendants were indicted on October 6, 1983, in a 33-count indictment in the Larkin/Fortmann case, alleging the high-level trafficking in huge quantities of smuggled marihuana along the Eastern seaboard and Gulf coast. Four of the defendants were charged with conducting a continuing criminal enterprise and some of the assets seized by the agents of DEA, FBI, and IRS, and officers of the Maryland State Police, Anne Arundel County Police, Baltimore County Police, and the Howard County Police working on this

case and sought to be forfeited to the United States through criminal and civil proceedings are as follows:

1. Parcel of land on Church Creek Branch of the Little Choptank River, Dorchester County, Maryland, purchased in the name of Jaxson and Associates, Inc. - valued at $180,000.

2. Defendants' interest in a corporation, partnership or association known as Jaxson and Associates, Inc.

3. Parcel of real estate, 24.4893 acres, east of Federal Hill Road, Charles Town, West Virginia - valued at $250,000

4. Lot 8, Block 1, Key Colony Subdivision, Monroe County, Florida - valued at $190,000

5. Parcel of real property known as 1235 Brewster Street, Baltimore County, Maryland, with improvements - valued at $50,000

6. 1980 Chevrolet Corvette - valued at $10,000

7. Defendant's interest in Land Trust Number 5004873 created for purchase of property in No. 4 above

8. Defendant's interest of $70,000 in parcel of property and improvements thereon known as 501 West Central Avenue, Davidsonville, Maryland

9. Defendant's interest in land installment contract by which 501 Central Avenue, Davidsonville, Maryland was sold on October 7, 1982

10. Three sea vessels

11. Two weapons

As planned, the Task Forces have relied not on the independent performance of one or two agencies but on the teamwork of the several agencies and units of government involved. Nationally, the FBI has taken part in approximately 70% of approximately 425 Task Force cases, DEA in 85%, IRS in 70%, Customs in 40% and ATF in 25%. State and local law enforcement officials have been involved in approximately 40% of the cases nationally and 60% of the cases in the Mid-Atlantic Region.

As expected, the drug trafficking cases in the Mid-Atlantic Region have covered the entire range of illicit drugs - most significantly, heroin, cocaine and marihuana. Also as expected, many of the individuals pursued in these cases have links to traditional organized crime or members of other criminal networks.

Our efforts have focused not only on the importation and distribution of drugs, but also on the financing of drug trafficking, and in money laundering schemes.

Cases are initially proposed by the investigatory agencies to the

District United States Attorney's through the District Coordination Groups which are composed of the Lead Task Force Assistant United States Attorney and agency representatives in the various districts in the region. A detailed Case Initiation Form is then forwarded to the Core City Coordination Group composed of the Core City Task Force Assistant United States Attorney Coordinator, and the various agency coordinators. Upon acceptance of the proposed case as an appropriate Task Force matter, the Core City Coordination Group so designates the investigation and Task Force resources are committed. The investigation is followed through to the indictment, forfeiture, and incarceration stage by both the district and core city coordination groups.

A breakdown of Mid-Atlantic investigations, indictments, and sentences is attached as Exhibit "C".

Thank you for your continuing support of our efforts against organized drug trafficking in the United States.

EXHIBIT "A"

MID-ATLANTIC REGION
ATTORNEY AND AGENT POSITION ALLOCATIONS

| DISTRICT | AUSA'S | FBI | DEA | IRS | CUSTOMS | ATF |
|---|---|---|---|---|---|---|
| Middle District of Pa. | 1 | 0 | 0 | 0 | 0 | 0 |
| Eastern District of Pa. | 6 | 11 | 8 | 4 | 6 | 1 |
| Delaware | 0 | 0 | 0 | 0 | 0 | 0 |
| Maryland | 4 | 11 | 6 | 5 | 10 | 3 |
| District of Columbia | 2 | 3 | 3 | 1 | 0 | 0 |
| Eastern District of Va. | 2 | 5 | 2 | 4 | 0 | 0 |
| Western District of Va. | 1 | 2 | 1 | 0 | 0 | 1 |

---

EXHIBIT "B"

BREAKDOWN OF CASES, INDICTMENTS, DEFENDANTS AND DRUGS
MID-ATLANTIC DRUG ENFORCEMENT TASK FORCE

| | |
|---|---|
| NUMBER OF TASK FORCE CASES INITIATED: | 51 |
| NUMBER OF CASES IN WHICH INDICTMENTS HAVE BEEN RETURNED: | 16 |
| NUMBER OF INDICTMENTS RETURNED: | 28 |
| NUMBER OF DEFENDANTS INDICTED: | 129 |
| NUMBER OF DEFENDANTS CHARGED WITH RICO: | 5 |
| NUMBER OF DEFENDANTS CHARGED WITH CCE: | 10 |
| NUMBER OF DEFENDANTS CONVICTED: | 47 |
| NUMBER OF INDICTMENTS INVOLVING THE FOLLOWING: | |
| COCAINE: | 4 |
| HEROIN: | 7 |
| MARIJUANA: | 8 |
| OTHER DRUG: | 6 |
| NON-DRUG | 3 |

EXHIBIT "C"

BREAKDOWN OF CASES, INDICTMENTS, SENTENCES
BY DISTRICTS WITHIN THE MID-ATLANTIC DRUG TASK FORCE

DISTRICT OF MARYLAND - 8 indictments in 4 Task Force cases
Total number of defendants 39

Breakdown:

1 case involving 2 indictments re: methamphetamine - 13 defendants

Sentences to date:
1 defendant - 8½ years
1 defendant - 10 years concurrent with another federal indictment
1 defendant - 4 years
1 defendant - 7 years

1 case involving 4 indictments re: marijuana & tax violations - 21 defendants

Criminal Trial Pending

1 case involving 1 indictment - 3 defendants re: heroin

Criminal Trial Pending

1 case involving 1 indictment - 2 defendants re: heroin

Criminal Trial Pending

**********

EASTERN DISTRICT OF VIRGINIA - 7 indictments in 3 Task Force cases
Total number of defendants 40

Breakdown:

1 case involving 4 indictments re: marijuana - 21 defendants

Sentences to date:
2 defendants- 5 years, serve 179 days, $5,000 fine, probation 5 years

1 defendant - Count 2 - 10 years $50,000
Count 3 - 4 years concurrent with count 2
Count 4 - 4 years consecutive with counts 2 & 3
special parole term 2 years

1 defendant - 15 years $125,000 fine

1 defendant - 10 years, serve 179 days $5,000, 5 years probation

1 defendant - 6 years, $10,000 fine

1 defendant - Count 5 - 3 years, $500 fine, 2 year special parole term
Count 1 - 15 years suspended, 3 years probation, $1,250 fine

1 defendant - 10 years concurrent with another federal indictment, $100,000 fine

1 defendant - 30 days, $2,000 fine concurrent with another federal indictment

1 defendant - 10 years, serve 179 days, $5,000 fine, 5 years probation

2 defendants- 5 years, $10,000 fine

1 defendant - 8 years, $250 fine

1 defendant - 3 years, $250 fine

1 case involving 1 indictment and 1 criminal information - 7 defendants re: heroin

Sentences to date: 2 defendants - 5 years, special parole term of 5 years

2 defendants - 8 years, special parole term of 5 years, then deportation

1 defendant - 2 years, serve 6 months, remainder suspended, 3 years probation

1 defendant - 2 years, special parole term of 5 years, deportation

1 defendant - 2 years suspended, 3 years probation, $1,900 fine, deportation

1 case involving 1 indictment - 12 defendants re: heroin

Sentences to date: 1 defendant - 16 years

**********

WESTERN DISTRICT OF VIRGINIA - 3 indictments in 2 Task Force cases
Total number of defendants 7

Breakdown:

1 case involving 2 indictments - 3 defendants (marijuana and non-drug)

Criminal Trial Pending

1 case involving 1 indictment - 4 defendants re: cocaine

Criminal Trial Pending

**********

DISTRICT OF DELAWARE - 4 indictments in 2 Task Force cases
Total number of defendants 11

Breakdown:

1 case involving 1 indictment - 3 defendants re: cocaine

Sentences to date: 1 defendant - 12 years, $20,000 fine

1 defendant - 3 years

1 defendant - period of probation

1 case involving 3 indictments - 8 defendants re: methamphetamine

Criminal Trial Pending

**********

EASTERN DISTRICT OF PENNSYLVANIA - 4 indictments in 4 Task Force case
Total number of defendants 17

Breakdown:

1 case involving 1 indictment - 8 defendants re: methamphetamine

Criminal Trial Pending

1 case involving 1 indictment - 1 defendant re: non-drug

Criminal Trial Pending

1 case involving 1 indictment - 6 defendants re: heroin

Criminal Trial Pending

1 case involving 1 indictment - 2 defendants re: heroin

Criminal Trial Pending

**********

DISTRICT OF COLUMBIA - 2 indictments in 1 Task Force case
Total number of defendants 15

Breakdown:

1 indictment involving 1 defendant re: cocaine

Criminal Trial Pending

1 indictment involving 14 defendants re: cocaine

Criminal Trial Pending

**********

MIDDLE DISTRICT OF PENNSYLVANIA: No indictments to date

ANSWERS TO QUESTIONS PROPOUNDED BY SENATOR BIDEN

1. Mr. Motz: How have you worked under this system to avoid conflicts and achieve a cohesive and coordinated approach to investigations?

Probes: Do agents work together out of the same offices on cases? Have individual agencies assumed leadership on cases? Do you have sufficient oversight authority to assure that the Task Force personnel throughout the region are working on high-level investigations?

ANSWER: David Irvin, my Assistant United States Attorney Task Force Coordinator, has made a concerted effort to get to know the various law enforcement officers in the region involved in the Task Force and to establish lines of communication between different offices. All of us have made it a priority to stay in touch with one another and to engender a spirit of mutual trust.

Agents do work together out of the same office on individual cases. The agency which controls the "source" ordinarily provides the leadership on a given case, although all of the agencies work together on all of the cases to which they have agents assigned. I have sufficient oversight authority to assure that Task Force personnel throughout the Region are working on high-level investigations, but I rely heavily upon my fellow United States Attorneys and agency heads to meet their own responsibilities in this regard. I have no reason to believe that this reliance is at all misplaced.

2. I am interested in what you have been able to accomplish under the Task Force structure that you would not have been able to do without the Task Force.

Probes: Are cases now targeting higher level organizations? What has the Task Force added that has enabled you to do this?

Is there better cooperation among the agencies investigating these organizations? How are these investigations different than joint investigations in the past?

ANSWER: I cannot say that in Maryland we are targeting higher level organizations with the Task Force than we were before. That is not because the Task Force is not targeting high-level organizations, but because we were doing so before the Task Force was formed. The Task Force has, however, enabled us to target more high-level organizations than we were before because we now have substantially increased resources for our efforts. Moreover, while before the establishment of the Task Force agencies were exchanging information on an investigation-by-investigation basis, the formal mechanism for mutual exchange of information provided by the Task Force enables us to share information about high-level targets and to bring the expertise and tools of different agencies to the Task Force investigations.

INTER-DISTRICT COORDINATION

Mr. Motz: The targets of Task Force investigations do not, obviously, pay attention to judicial district lines in carrying out their illegal activities. How have you been able to coordinate your investigations with other U. S. Attorneys in other Task Force regions?

Probes: Do you feel there is adequate coordination of activities among the districts? With other federal Task Forces? With interdiction efforts of the National Narcotics Interdiction System? How are these efforts coordinated?

ANSWER: Within the Mid-Atlantic Region, the coordination between the United States Attorneys' Offices and agencies in different Districts has been superb. We are in almost constant communication with one another. Our communications with offices in other Regions are less frequent, but we are making efforts to establish effective lines of communication with all of the other Regions. Mr. Irwin has attended many conferences attended by his counterparts from other Regions and has begun to know them well. We are lending an Assistant from my office to the United States Attorney's Office in Savannah, Georgia to assist in a Task Force case being developed there. We have established a line of communication with the National Narcotics Interdiction System by designating as a liaison the Coast Guard coordinator assigned to the Mid-Atlantic Task Force.

FORFEITURE QUESTIONS

Mr. Motz: I brought with me a copy of a newspaper article from The Baltimore Sun dated February 16, 1983, titled "Baltimore is among best in using drug kingpin law." The thrust of the article is that your office has been unusually aggressive and effective with forfeiture laws over the last several years.

(1) What is the secret? Why are you succeeding where many other offices across the nation are not?

(2) What changes would you most like to see in current forfeiture law?

(3) How helpful do you think a substitute assets provision will be?

(4) Would you please describe in more detail the problems you have with assets deteriorating and losing their value while forfeiture actions are pending?

(5) Do you see any due process problems with giving you the authority to make "quick sales" of seized assets so that they don't deteriorate and lose their value?

ANSWER: My secret is, quite frankly, that Mr. Irwin was the Chief of my Narcotics Unit before he became the Assistant United States Attorney Drug Task Force Co-ordinator for the Mid-Atlantic Region. He is an aggressive, energetic prosecutor who helped me assemble a first-rate Narcotics Unit which perceived the advantages of CCE prosecutions and sought indictments charging CCE violations.

The major change which we would like in the current forfeiture law is the establishment of a substitute assets provision. The other biggest forfeiture problem which we are presently confronting is, as your questions suggest, one of maintaining and liquidating forfeited properties. We are pioneering an approach in Maryland which might solve this problem. Just recently, we had an order entered in one of our CCE cases (in which convictions have been obtained) appointing a private law firm as a trustee for the purpose of liquidating the forfeited assets and providing for their maintenance in the interim. Once liquidated, the trust assets will be held in income-producing securities to be distributed to the government once the underlying criminal case has been affirmed on appeal. We think that this is going to turn out to be a tremendous step forward in the forfeiture area. Prosecutors and other law enforcement officials simply do not have the time or the expertise to manage and liquidate forfeited property. By involving the private sector, we are avoiding the necessity of creating a new government bureaucracy and are drawing upon existing expertise from persons knowledgeable and experienced in business and real estate matters.

The CHAIRMAN. You may proceed now, Mr. Dennis.

STATEMENT OF EDWARD S.G. DENNIS, JR.

Mr. DENNIS. Senator Thurmond, Senator Biden, I am very gratified to be called this morning in my hometown to speak on an issue that I feel about very deeply and that I feel is very important to every community in the United States, whether it be a large metropolitan area such as Philadelphia, where I served, or whether it be in my own hometown of Dover, DE.

I think that the Drug Task Force Program, as supported by this administration and supported fiscally by the Congress of the United States, is a very appropriate candidate for a very high priority among our national priorities. I feel that the Drug Task Force Program is one that is deserving of the financial support of the Congress. I think that we will demonstrate that the program is working and justifies your continued support.

The Organized Crime Drug Task Force in the Eastern District of Pennsylvania was implemented in June of this year with the assignment of seven experienced assistant US attorneys to that task force. The district coordinator for our office is John E. Riley, an assistant US attorney who has had over 7 years of extensive experience in the investigation and prosecution of high-level organized drug trafficking offenses. Significantly, Mr. Riley's experience also includes the successful prosecution of numerous motorcycle gang members in the Eastern District of Pennsylvania during the joint law enforcement operation between our office and the district attorney's office in Delaware County, PA, conducted from 1976 through 1978. The case culminated in the arrest and conviction of over 50 defendants involved in motorcycle gang-related offenses.

In the course of setting up our drug task force, we have endeavored to establish and maintain a very close working relationship among the five major investigating components of our task force program. As you have related, Senator Thurmond, those agencies are the FBI, the Drug Enforcement Administration, the Internal Revenue Service, the Bureau of Alcohol, Tobacco and Firearms, and the U.S. Customs Service. The expertise of each of those agencies is brought to bear on the organized drug trafficking activity within our district through the District Coordinating Committee, of which Mr. Riley is the head. The committee selects appropriate target organizations for investigation, determines the resource contributions from each of the participating agencies and develops a joint operational plan for the conduct of each investigation.

One or more task force attorneys is assigned to the particular investigation, and the progress of the investigation is monitored by the committee. Changes in the course of the investigation or the resources committed to the investigation are hammered out at biweekly committee meetings. The task force, through Mr. Riley, reports directly to my first assistant U.S. attorney and to me. I feel that high visibility within our office structure is essential to a successful program.

The Eastern District of Pennsylvania is constituted by the 10 southeastern counties of Pennsylvania. Within its boundaries are four major metropolitan areas, including Philadelphia. We have

large rural farm areas, as well as sprawling suburbs, some of which border on the nearby Pocono Mountain area of the Middle District of Pennsylvania. Philadelphia is only 87 miles from New York City and 60 miles from Atlantic City. The diverse geographic and socio-economic composition of our district is reflected by the equally diverse drug patterns found within the district.

The Eastern District of Pennsylvania has not too proudly laid claim to the proclamation that it is the methamphetamine capital of the world. The rural areas of the district, as well as South Jersey and the Pocono Mountains, have often provided an ideal location for clandestine methamphetamine laboratories. The resulting production of methamphetamine has been made easily available for distribution in the metropolitan areas. The number of legitimate chemical supply companies within the district and in nearby districts provides ample opportunity for methamphetamine manufacturers to obtain precursor chemicals necessary to manufacture methamphetamine without the likelihood of detection in spite of programs developed by Federal agencies with such chemical supply houses.

The favorable geographic makeup of the district for methamphetamine production has provided an attractive situs for several outlaw motorcycle clubs, not the least of which is the Pagan Motorcycle Club. The heavy concentration of Pagan Motorcycle Club members in our district creates an explosive and violent threat to all the citizens of the Eastern District of Pennsylvania.

The heroin problem that we face in our district is centered primarily in the four major metropolitan areas. While some heroin cases have been developed which reflect direct importation of heroin from Southeast Asia or Europe to the district, the sources for most of the heroin coming into the district are still primarily located in the New York City area.

The importation of cocaine and marijuana into our district occurs primarily in the southern Florida and the coastal areas, but we have seen increased smuggling-related activity directly into the Eastern District.

I might note, Senator Thurmond, that your reference to the recent prosecutions in South Carolina involved our district. We seized over 7,000 pounds of marijuana coming from South Carolina to the Philadelphia area. Those seizures were made, the evidence gathered in that operation was turned over to the U.S. attorney's office. This was in South Carolina, and the prosecutions are proceeding. I think that that is the kind of coordinated effort that justifies the task force program. I think that it is an example of how the program should work among U.S. attorneys' offices.

The resources of the organized crime task force program are centered in a number of different areas. One I think we have seen a great improvement in the number of title 3 wire interceptions and our ability to carry these out in our district. No longer are we limited to the exceptional case in order to use this very, very devastating technique. We are able to use it in cases that justify it. The involvement of the Federal Bureau of Investigation, along with the Drug Enforcement Administration, has made this a meaningful tool for drug law enforcement efforts.

The increased funds available for undercover purchases of controlled substances has been a very meaningful assistance to us. We are finding that many of the major drug traffickers are simply pricing our undercover agents out of the market. We are now able to start at much higher levels of the traffic. With the use of title 3 wiretaps, we are able to develop much more evidence against the individuals who are operating at the higher levels of the traffic.

The RICO and continuing criminal enterprise cases are being brought much more frequently in our district, particularly the continuing criminal enterprise cases. We have had three major prosecutions under the drug task force program since June. One was *United States* v. *Butts*, a five-defendant heroin case in which Albert Butts was named in the indictment, charging him with operating and supervising a continuing criminal enterprise which dispersed substantial quantities of heroin in the Philadelphia area. Butts was charged in the indictment with being a major distributor of heroin in the Philadelphia area for a number of years. This was a case that was brought jointly and with the cooperation of the Philadelphia District Attorney's Office, an example of State and local cooperation with our office in this effort.

*United States* v. *Sebzda* was another continuing criminal enterprise prosecution, involving a major methamphetamine dealer in our district. It involves a civil proceeding filed in connection with the forfeiture of in excess of one-half million dollars in properties in the Bucks County area.

Finally, in the case of *United States* v. *Wagman*, a 49-year-old wealthy businessman from suburban Philadelphia and a Thai courier were indicted and convicted in connection with the transportation into the Philadelphia airport of over 6 pounds of pure heroin in April 1983. The case has revealed that Robert Wagman has substantial contacts with Bangkok, Thailand, and other Southeast Asian locations and well may be involved in the importation activities on other occasions. That investigation continues. The sentencing of Mr. Wagman and the courier is pending.

We are seeing increased activity in the area of financial investigations and forfeitures. We have involved our Civil Division with regard to forfeiture cases.

One area that we are concerned about is the effect that the recent interpretation by the Supreme Court as to the limitations of disclosures to our Civil Division may adversely affect our efforts to involve the Civil Division in forfeiture cases.

In terms of the future——

LEGISLATION NEEDED

Senator BIDEN. Do you think you need legislative help on that?

Mr. DENNIS. I think that we do. I think the Federal Rules of Criminal Procedure need to be reviewed in that regard. If we lose the Civil Division's help in this area, I think it is going to be a major setback.

Senator BIDEN. I agree with you.

The CHAIRMAN. Have you recommended that yet?

Mr. DENNIS. I think that the department—Mr. McConnell may be able to speak to that more directly. I think the department is

moving in that direction. If it has not submitted anything at the present time, I am sure that something will be submitted on this very soon.

We had a number of major investigations. I will not go through those with any specificity, but I think that we are trying to take a forward look in terms of where our areas of concern are in our district and planning our investigations accordingly.

I consider the drug task force program a bold and ambitious initiative that deserves the continuing support of the Senate and the entire Congress.

I am confident that we will, if we do not waiver from this course, dismantle major drug trafficking organizations and put their leadership behind bars for substantial terms. This is the mission of the program, and we are succeeding in it.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Dennis.

Without objection, we will insert your entire written statement in the record.

[Material referred to follows:]

U.S. Department of Justice

*United States Attorney*
*Eastern District of Pennsylvania*

*3310 United States Courthouse*
*Independence Mall West*
*601 Market Street*
*Philadelphia, Pennsylvania 19106*

STATEMENT

OF

EDWARD S. G. DENNIS, JR.
UNITED STATES ATTORNEY
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

BEFORE

SUBCOMMITTEE ON CRIME
COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

REGARDING

THE ORGANIZED CRIME DRUG TASK FORCE
PROGRAM IN THE MID ATLANTIC REGION.

ON

DECEMBER 13, 1983
LEGISLATIVE HALL
DOVER, DELAWARE

I. INTRODUCTION

The Organized Crime Drug Task Force in the Eastern District of Pennsylvania was implemented in June of this year with the assignment of seven experienced Assistant United States Attorneys. The District Coordinator for our office is John E. Riley, an Assistant United States Attorney who has had over seven years of extensive experience in the investigation and prosecution of high-level organized drug trafficking offenses. Significantly, Mr. Riley's experience also includes the successful prosecution of numerous motorcycle gang members in the Eastern District of Pennsylvania during the joint law enforcement operation between our office and the District Attorney's Office in Delaware County conducted from 1976 through 1978. The case culminated in the arrest and conviction of over 50 defendants involved in motorcycle gang related offenses.

In the course of setting up our Drug Task Force, we have endeavored to establish and maintain a very close working relationship among the five major investigating components of our Task Force program. Those agencies are the Federal Bureau of Investigation, the Drug Enforcement Administration, the Internal Revenue Service, the Bureau of Alcohol, Tobacco and Firearms and the United States Customs Service. The unique expertise of each of those agencies is brought to bear on the organized drug trafficking activity within our district through the District Coordinating Committee of which Mr. Riley is the head. The Committee selects appropriate target organizations for investigation, determines the resource contributions from each of the participating agencies and develops a joint operational plan for the conduct of each investigation. One or more Task Force attorneys is assigned to the particular investigation and the progress of the investigation is monitored

by the Coordinating Committee. Changes in the course of the investigation or the resources committed to the investigation are hammered out at biweekly committee meetings. The Task Force, through Mr. Riley, reports directly to my First Assistant United States Attorney and to me. I feel that high visibility within our office structure is essential to a successful program.

## II. GEOGRAPHIC COMPOSITION AND DRUG PATTERNS OF EASTERN DISTRICT OF PENNSYLVANIA

The Eastern District of Pennsylvania is comprised of ten counties in southeastern Pennsylvania. Within its boundaries are four major metropolitan areas, including Philadelphia, sprawling suburbs which surround the metropolitan areas and a large rural farm area, some of which borders on the nearby Pocono Mountain area of the Middle District of Pennsylvania. The District is also within 87 miles of New York City and within 60 miles of Atlantic City and the vast New Jersey coastline. The diverse geographic and socio-economic composition of the Eastern District is reflected by the equally diverse drug patterns found within the District.

The Eastern District of Pennsylvania has not too proudly laid claim to the proclamation as the "methamphetamine capital of the world." The rural areas of the District, as well as South Jersey and the Pocono Mountains, have often provided an ideal location for clandestine methamphetamine laboratories. The resulting production of methamphetamine has then been made easily available for distribution in the metropolitan areas. The number of legitimate chemical supply companies within the District and in nearby Districts provides ample opportunity for methamphetamine manufacturers to obtain precursor chemicals without the likelihood of detection in spite of programs developed by federal agencies with such chemical companies.

The favorable geographic makeup of the District for methamphetamine production has provided an attractive situs for several outlaw motorcycle clubs, not the least of which is the Pagan Motorcycle Club. The heavy concentration of Pagan Motorcycle Club members creates an explosive and violent threat to all the citizens in the Eastern District of Pennsylvania.

The heroin problem facing the District is centered primarily within the four major metropolitan areas. While some heroin cases have been developed which reflect direct importation of heroin from Southeast Asia or Europe to the District, the sources for most of the heroin coming into the District are still located primarily in the New York City area.

Though the importation of cocaine and marijuana into the United States primarily occurs in the Southern Florida coastal area, we have seen an increase in smuggling related activity in the Eastern District. The rural areas contain numerous smaller airstrips capable of entertaining smuggling activities through the use of smaller aircraft. Of course, the large Philadelphia waterfront, as well as the Philadelphia International Airport, provide an attraction for importers of controlled substances who see them as reasonable alternatives to the more heavily publicized areas of Florida and New York City.

An additional drug problem within the District, found primarily in the metropolitan areas and the more heavily populated suburbs, is the diversion of prescription drugs by Doctors and Pharmacists. These cases have been consistently prosecuted within the District for a number of years with considerable success. However, the number of these cases continues to increase.



36-005 O = 84 - 5

## III. RESOURCES OF THE ORGANIZED CRIME DRUG TASK FORCE

The implementation of the Task Force program has enabled the law enforcement community in the Eastern District of Pennsylvania to effectively address the diverse drug organizations in several meaningful ways. The increased resources have provided the various agencies with the ability to include Title III wire interceptions as a regular tool in the arsenal of drug law enforcement. No longer are such interceptions reserved for the "exceptional case" because of the serious drain on personnel needed to properly staff such an effort. In most drug investigations currently designated Task Force cases, Title III interceptions are being seriously considered as legitimate and realistic investigative alternatives.

The increased funds available for use in investigations, including for undercover purchases of controlled substances, have been an important immediate development. Undercover operations can now realistically be seen penetrating the upper echelons of drug organizations rather than being relegated to contacts with peripheral members of a drug organization with little or no hope of advancing through the layers of the operation to the leaders. This aspect is particularly relevant with the increased sophistication of drug organizations which "protect" the leaders of the organizations through the use of legitimate or quasi-legitimate "fronts" or businesses.

The Task Force program, with the joint efforts of the participating agencies, provides the necessary resources to successfully indict the leaders of the various organizations on charges such as RICO (Title 18, United States Code, Sections 1962 et seq.) or Continuing Criminal Enterprise (Title 21, United States Code, Section 848). The focus on these types of charges has increased dramatically with the combined efforts of all investigative agencies under the Task Force umbrella.

Of the three Task Force cases currently under indictment, two contain Title 21, United States Code, Section 848, charges, while the third may well produce other such charges in the future. In United States v. Butts, a five-defendant heroin case, defendant Albert Butts is named in an indictment charging him with operating and supervising a Continuing Criminal Enterprise which distributed four ounces of heroin a week in Philadelphia for several years. The heroin, the indictment reflects, was obtained through a New York source.

In United States v. Sebzda, two defendants, Robert Sebzda and Glenn Leiby, are charged with supervising a Continuing Criminal Enterprise in an indictment charging six others with conspiracy to manufacture large quantities of methamphetamine in Bucks County, Pennsylvania, over a five year period. A civil proceeding has also been filed in connection with the case seeking the forfeiture of in excess of one-half million dollars in properties.

In United States v. Wagman, a 49 year old wealthy businessman from suburban Philadelphia and a Thai courier were indicted and convicted in connection with the importation into Philadelphia Airport of over 6 pounds of pure heroin in April, 1983. The case has revealed that Robert Wagman has substantial contacts with Bangkok, Thailand and other Southeast Asian locations and may well have been involved in importation activities on other occasions. That investigation continues pending the sentencing of Wagman and the courier.

Among the most positive developments of the combined efforts of the Task Force agencies is the heightened awareness of the areas of financial investigation and forfeiture. The Task Force program and concept have helped replace the philosophy that an investigation successfully concludes with the obtaining of drug-related charges. The sensivity to the financial area has now included the identification and seizure

of the assets of drug organizations as a priority in every investigation. In the Eastern District of Pennsylvania we have stressed this area by establishing a close working relationship between attorneys in the Organized Crime Drug Task Force and attorneys in the Civil Division of the office in the forfeiture area. Also, the Financial Task Force is closely aligned with the Organized Crime Drug Task Force in developing relevant financial data on drug organizations. As previously stated, to date this effort has produced a civil forfeiture case involving in excess of one-half million dollars of properties accumulated by a drug organization and many other forfeiture actions are being developed in concert with Task Force investigations.

## IV. CURRENT FOCUS OF TASK FORCE INVESTIGATIONS

The cases currently designated Task Force cases within the Eastern District of Pennsylvania reflect an attack on the variety of drug problems here. At least four of the cases focus on large-scale heroin organizations engaged in the systematic importation and/or wholesale distribution in this District and Region. One investigation centers on the Pagan Motorcycle Club and the myriad of criminal violations in the District and elsewhere along the Eastern Seaboard associated with the club. Three cases take aim at major methamphetamine manufacturing and distribution organizations engaged in the proliferation of methamphetamine within the entire Middle Atlantic Region, as well as areas outside the Region. Three cases addre's the importation and distribution of cocaine into the Greater Delaware Valley area and the immense accumulation of assets derived thereby. One investigation is directed at the accumulation of assets and the drug-related activities of an organization systematically engaged in the

delivery into the Eastern District of Pennsylvania and the subsequent wholesale distribution therein of large quantities of marijuana.

The Task Force investigations, therefore, focus on the current interests of drug-related organizations operating within the District.

V. SUMMARY

To summarize, the overall result of the Task Force program in the Eastern District of Pennsylvania, even at this early date in its development, has been an elevation of the sights of the law enforcement community to organizations which carry on activities not only within the District and throughout the Middle Atlantic Region, but also in other Regions as well. By focusing on a "team concept" within the District and Region, many of the investigations have now led to an increase in coordinated efforts on a national and international level. More than ever before, law enforcement efforts now can be mobilized to attack and combat drug organizations effectively regardless of the breadth of their respective activities.

The CHAIRMAN. Mr. Farnan, we will be pleased to hear from you now.

## STATEMENT OF JOSEPH J. FARNAN, JR.

Mr. FARNAN. Mr. Chairman, Senator Biden, first I would like to say thanks to both of you for giving myself and my colleagues the opportunity to be heard about the operation of the drug task force in the mid-Atlantic region and to share with you our observations about its effectiveness.

With regard to the district of Delaware, like most other districts, we have our share of major drug trafficking activity. Recent cases have provided evidence of large-scale marijuana, cocaine, and methamphetamine distribution rings operating within the borders of Delaware. These individuals are not street distributors of these drugs but, rather, the source for street distributors.

For several years, there has been a cooperation effort by Federal and State law enforcement agencies in Delaware to combat this

trafficking problem which has yielded positive results. However, the commencement of the operation of the Mid-Atlantic Drug Task Force has strengthened the law enforcement effort. The task force's main contributions have been coordination of effort, increased cooperation among Federal and State agencies, and much-needed additional resources. The task force has heightened the realization that investigation and prosecution of drug traffickers is not a Federal or State problem alone, nor the province of any one law enforcement agency, but rather a problem to be dealt with by broad attack of each segment of the law enforcement community in a coordinated and cooperative manner.

Given this realization, it may be helpful to focus on how task force cases are generated in the district of Delaware.

Generally, cases thought to be of a magnitude meeting task force standards are submitted for consideration to the United States Attorney's Office by one of the investigative agencies. Prior to being submitted to the task force coordinator in Baltimore by the U.S. attorney, an evaluation of both existing and proposed resources is made in consultation with the investigative agency for the purpose of determining the need for involvement by other investigative agencies, either Federal or State. If appropriate, such participation is requested and a meeting held to plan strategy to reach agreement on an investigative and, if appropriate at this stage, a prosecutive plan. Ordinarily, an agent from one of the agencies would be assigned to coordinate the investigative activities of the case and an assistant U.S. attorney and/or State deputy attorney general would also be assigned. The case would then be submitted to the task force coordinator in Baltimore and, if approved, the investigative plan would be implemented.

Although no investigative or prosecutorial task force personnel are located in the district of Delaware, we have utilized task force resources in our cases. Specifically, in a recent cocaine investigation, a complete FBI surveillance squad was made available to this district for 40 days with its travel, subsistence, and operational expenses paid from task force funds. This case also involved a telephone wiretap pursuant to title 3——

Senator BIDEN. Excuse me. Would you have had to pay that out of your budget prior to the establishment of the task force? That entire FBI team was in there for 40 days. It cost a lot of money. First of all, could you have gotten that? And how would they have been paid?

Mr. FARNAN. It would have been a question of accessing it and it being prioritized. But, given the fact that we had task force status on the case, it was made immediately available to us and picked up by task force funds.

I think also in the past—Special Agent Caro maybe can address this more carefully—the ability to present those kinds of resources in districts in this region may not have been there because the FBI may not have had all the money they needed in their budget.

Senator BIDEN. Thank you. I am sorry for the interruption.

Mr. FARNAN. This case also involved a telephone wiretap pursuant to title 3, wherein many of the conversations were conducted in Spanish. In order to intercept these conversations, Federal agents who were fluent in Spanish, from throughout the United States,

were temporarily assigned to Delaware for the purpose of assisting in the wiretap interceptions. In addition, Delaware State police, New Castle County police, and Wilmington police officers who were also fluent in Spanish were temporarily assigned by their agencies to downstate Delaware for the duration of the wiretap. The temporary detailing of these agents and police officers to this investigation was of invaluable assistance to the ability of the United States to conduct a wiretap interception. At the conclusion of the presentations, I will be happy to answer any questions you may have about that particular case.

In addition, we in Delaware rely heavily upon the ability to cross designate State prosecutors as special assistant U.S. attorneys and Federal prosecutors as special State deputy attorneys general. We have utilized on several occasions the ability to have State police officers sworn in as special deputy U.S. marshals and have Federal agents sworn in as special State police officers. This is accomplished by coordination at the district task force level and a cooperative attitude by both the Federal and State agencies.

As I mentioned previously, we have enjoyed a good record of cooperation in Delaware between Federal, State, and local law enforcement agencies. The task force approach to drug investigations, through innovations and resources as just described, has complemented and significantly enhanced that cooperative spirit. My observation is that the task force concepts of coordination and cooperation, combined with the allocation of needed resources, is beginning to be successful in apprehending those individuals responsible for the drug trade in the mid-Atlantic region. However, to sustain and increase this success, the drug task force approach should be institutionalized with even more emphasis upon the principles of coordination and cooperation between Federal and State law enforcement components.

In closing, I would like to say that as a U.S. attorney and one of the law enforcement people responsible for implementing policies at the district level, it is gratifying to see the policymakers come to talk with the personnel in the field who have the day-to-day responsibility. It is particularly encouraging to see the chairman of the Judiciary Committee and the ranking minority member of that committee making the effort to come to Dover, DE, to talk with prosecutors and investigators about how the task force concept is functioning. Your presence certainly conveys your support for the effort of both Federal and State law enforcement in fighting the drug trafficking problem.

Mr. Chairman, I would also like to let you know that we in the law enforcement community recognize your ongoing support for us generally and, more particularly, with regard to the drug task force.

Senator Biden, I would also like to express on behalf of law enforcement officials of this State our gratitude for your longstanding commitment to increase our capabilities to deal with the broad spectrum of crime, particularly drugs, both through funding and legislation. Both of you men have made our jobs a lot easier, and for that we say thank you.

The CHAIRMAN. Thank you very much. We are very pleased to have your statement.

There are two other people here who work on the Judiciary Committee. They are not lawyers, but they are very important people, press people. Mr. Terry Hill is on my staff. Mr. Pete Smith is on Senator Biden's staff. Thank you very much.

Now we will propound a few questions to you, gentlemen. Those that I do not propound I may give to you in writing to answer for the record.

MORALE OF PERSONNEL

First, Mr. Motz, we can start with you. What effect has the initiation of the organized crime drug enforcement task force program had on the morale of the Department's personnel involved in the war against drugs? Do you find that these people are enthusiastic about participating in the program or reluctant?

Mr. MOTZ. There is no question, Mr. Chairman, that my people and the people, I think I can speak on the whole region, are tremendously enthusiastic. Again, before the task force was created, I think that drugs had been a higher priority than they had been for years before of any U.S. attorney's offices. There has been a focus of the administration and, I think, properly so. The cases are ones which everyone recognizes to be vital to the public interest to be brought. They are interesting cases. Whereas a drug case used to be maybe a buy bust on the street, now the full scope of the organizations is being delved into. The financial aspects as well as the multijurisdictional aspects are being investigated and prosecuted. This makes them quite good cases to prosecute.

The morale is tremendous. Again, what you all have done in increasing resources and manpower has just been superb.

The CHAIRMAN. Mr. Dennis, would you express yourself on that question?

Mr. DENNIS. I think that I can speak from personal experience in the sense that, as an assistant U.S. attorney, I was a member of the controlled substances unit in my office in the late seventies and then as chief of the narcotic and dangerous drug section. That became a specialty of mine, as far as the Criminal Division of the Department of Justice is concerned. And now as U.S. attorney, I have seen that the assistants in my office are very enthusiastic in working in this area, and I think particularly because they have the resources to do the job well. I think that that makes all the difference in the world, plus having the support of the administration and the Congress. I think they feel that they have the backing in order to develop the types of cases that we are capable of developing against major trafficking organizations.

The CHAIRMAN. Mr. Farnan, would you express yourself on that question?

Mr. FARNAN. Mr. Chairman, my perspective until a couple of years ago was as a State prosecutor. I think there was a frustration level in law enforcement, particularly with the drug problem that had reached levels of almost creating a paralysis in the willingness to go out and do cases because of a lack of resources. I think that the task force concept and the resources that have been allocated have turned that around.

It is encouraging to see, particularly on the part of the investigative agencies, the energy that they are willing to put out to make these cases on behalf of the Government.

BAIL REFORM

The CHAIRMAN. Mr. Motz, as I have mentioned, an important part of the Comprehensive Crime Control Act reported by the Judiciary Committee makes fundamental changes in the Federal bail laws. Could you describe for the committee any problems that the task forces may have encountered in this area and comment on legislative changes that you would like to see?

Mr. MOTZ. Well, I think that all of us are squarely of the view that the bail law should be changed to take into account, among other things, the dangerousness of a defendant, provided that he is given proper constitutional safeguards before conviction.

I really have had within the last few years no particularly bad stories in connection with the drug task force cases or other organized drug cases. Our magistrates and judges have been receptive to the setting of high bail. I do not know about Ed. I know that Joe has at least a few fugitives, I think, who might not have been fugitives had the bail laws been a little different at the time that bond was set.

The CHAIRMAN. Mr. Dennis.

Mr. DENNIS. In our district I think that bails have been fairly realistic. But in terms of the overall standard under which bail is set, I do feel that judges often do not focus sufficiently on the adequacy of the security to ensure appearance by defendants in drug cases. The amount of wealth that many major drug traffickers have at their disposal makes very meaningless substantial amounts of money bail. Therefore, we have taken to the practice of filing what we call Nebbia motions with the court, which requires the defendant to disclose the source of the funds before they are accepted by the court as being reasonable security for the appearance of the defendant. We found that this has been successful insofar as ensuring that there is a lesser rate of nonappearance by major drug defendants.

The CHAIRMAN. Mr. Farnan.

Mr. FARNAN. I can only echo what Mr. Motz and Mr. Dennis said, Mr. Chairman, about the changing criteria for bail to be simply more than the possibility of flight. We also in the district of Delaware have begun, because of the fugitive experience, the Nebbia process. When a person is arrested and arraigned and bail set, we immediately file that motion to protect ourselves when the person comes in with their money to be posted.

INCREASED APPROPRIATIONS

The CHAIRMAN. Thank you. Now, Mr. Motz, in the administration's budget request for fiscal years 1983 and 1984, additional funds and positions were requested for the task force initiative. This Committee has frequently heard about the obvious benefits of additional personnel in this area. Could you please comment on the other benefits which have accrued as a result of increased appropriations, including improvements in equipment?

Mr. MOTZ. Yes, I can. I think the representatives of the investigative agencies could also probably answer this question well. I know one thing which they have needed and they probably still need some more of is the same kind of radios so that in the conduct of a joint investigation they can talk to one another. I understand that in the past that has sometimes been a problem.

Simply from a prosecutor's standpoint, I know that equipment might seem trivial, but it certainly is important in the presentation of a case. We have much better video equipment. We have much better sound equipment so that jurors can see and hear the evidence. That has been of tremendous benefit to us in successful prosecution.

The CHAIRMAN. Mr. Dennis.

Mr. DENNIS. We found that, as I mentioned in my statement, electronic surveillance is much improved in terms of the frequency with which we can engage in that investigative technique. The cost of electronic surveillance is very substantial. The number of agents that are necessary to man a wire, plus the number of assistants that are required if you have a number of wires going at the same time, is very substantial.

I think, if it were not for the resources that have been made available, we would have many fewer important and significant cases than we presently have.

The CHAIRMAN. Mr. Farnan.

Mr. FARNAN. I would also say that the equipment has been very beneficial, as indicated by a case in downstate Delaware. One of the things a couple of years ago we were in absolute need of was dial-number recorders. There were not enough in the State to do more than two major cases at one time. That problem has been eradicated. I think we are significantly along in being able to handle the hardware necessary to do these types of cases.

The CHAIRMAN. I have some other questions I will let you answer for the record. Without objection, those will be inserted into the record.

[Material referred to follows:].

U.S. Department of Justice
Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

8 MAR 1984

Honorable Strom Thurmond
Chairman
Committee on the Judiciary
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

Enclosed are the answers of J. Frederick Motz, United States Attorney for the District of Maryland, to the questions propounded by you and Senator Biden at the field hearing of the Senate Judiciary Committee on December 13, 1983 in Dover, Delaware.

Sincerely,

Robert A. McConnell
Assistant Attorney General

Enclosures

cc: Hon. Joseph R. Biden, Jr.
Ranking Minority Leader
Senate Judiciary Committee

ANSWERS TO QUESTIONS PROPOUNDED BY SENATOR THURMOND

1. I understand that the Department is attempting to prosecute under the Continuing Criminal Enterprise (CCE) provisions of Title 21 whenever possible.

   a. What are the advantages of prosecuting under those provisions?

   ANSWER: The primary advantages of prosecuting under the CCE provisions are that (a) the sentences which are imposed are without parole and range from a minimum of ten years to a maximum of life, and (b) drug-related properties can be criminally forfeited.

   b. What improvements might be made to facilitate those prosecutions in appropriate cases?

   ANSWER: The procedure for obtaining pre-conviction restraining orders against the disposition of forfeitable property should be improved. Specifically, there should be provisions for (a) restraining the transfer of such property prior to indictment upon the government producing evidence to meet a probable cause standing at a hearing, and (b) authorizing the entry of restraining orders upon the return of an indictment without an evidentiary hearing, or, at least, making the indictment prima facie evidence that the restraining order should be entered.

   c. What other offenses are appropriate in these cases? In particular, how many RICO cases have you brought and are there improvements in RICO that you would like to see?

   ANSWER: We, of course, generally combine our CCE counts with drug conspiracy counts and counts charging a variety of substantive Title 21 offenses. We also use 18 USC Section 1952 and various Title 26 offenses. The latter are particularly important because the IRS is of tremendous assistance to us in many of our large cases. We have tended to use the CCE provisions in lieu of the RICO provisions.

2. One prepared statement submitted to the Committee suggests that the Mid-Atlantic Task Force has had more State and local involvement than its counterparts in other regions. Specifically, the statement notes that 60 percent of its cases have involved State and local officials, compared with 40 percent in other regions.

a. Is this a function of the cases in this region, or are there other factors contributing to this difference?

ANSWER: Not having personal knowledge of the work being performed by the Task Forces in other Regions, I do not know why more of the cases in this Region involve State and local officials. I am inclined to think that it is because of the good working relationships which existed among federal and State and local law enforcement agencies in many districts in the Region prior to the establishment of the Task Force and because of the efforts which we make to maintain and improve those relationships.

b. Are State and local law enforcement officials generally satisfied with Federal involvement, or is there a feeling that Washington is intruding?

ANSWER: State and local law enforcement officers generally are satisfied with the federal involvement. We continuously make efforts to make sure that they understand and believe that we are there to assist in the total law enforcement effort, not to take over their investigations or dictate to them.

c. Has the existence of District Coordinating Committees facilitated Federal-State relations in the law enforcement area?

ANSWER: The District Coordinating Committees provide a valuable formal mechanism for facilitating federal-State cooperation. As a practical matter, since good relationships between federal and State and local law enforcement officials have heretofore existed, we have found that to a large extent law enforcement activities have already been coordinated at the working

3. In earlier hearings, we have received considerable testimony that organized crime is taking forms other than the traditional LCN groups. Could you comment on your own experiences with the new wave of organized crime in this country?

ANSWER: Our experience certainly confirms that criminal activity is becoming increasingly "organized". As two of our CCE prosecutions in the past year have demonstrated, heroin distribution networks in the inner city and and drug smuggling activities of all kinds are well organized. Motorcycle gangs, particularly in the Pennsylvania/Delaware/Northern Maryland area, are likewise engaged in organized drug distribution. The financial side of the criminal organizations requires substantial attention. Financial advisors are providing sophisticated advice to drug traffickers as to how to conceal their income and provide outlets for laundering their illegal revenues. We are concentrating upon financial aspects of illegal activities not only by seeking to include financial advisors in our conspiracy charges, but by independent financial investigation focused upon CTR violations and the like.

4. Another of the problems that we have heard described relates to the bank secrecy laws. Could you describe specific problems of which you are aware and suggest any needed legislative changes?

ANSWER: We have found that many drug violators and the financial institutions which they use circumvent the CTR requirement by engaging in cash transactions slightly under $10,000. A provision requiring the filing of a CTR for any "suspicious transaction" - which once was in the regulations promulgated under the Bank Secrecy Act but which not apparently has been omitted - should be re-enacted. Another change which should be made is to include casinos within the definition of "financial institutions." Further, the Department of Justice has supported a number of other initiatives in the Title 31 area which would strengthen the Bank Secrecy Act. These include making an attempt a crime, making Title 31 offenses predicate offenses for both the wire tape authorizations and RICO authorizations. Strengthening the

definition of export search authority for Customs officials and provisions providing for monetary reward for financial information have been supported also.

The number of Continuing Criminal Enterprise has almost doubled in the last two years.

5. The FBI's jurisdiction in the narcotics area is relatively new. Could you please comment on the advantages and disadvantages that this change in jurisdiction may have generated?

ANSWER: The expansion of the FBI's jurisdiction in the narcotics area has been quite beneficial. The additional manpower and other resources brought by the Bureau to narcotics investigations have been invaluable. Moreover, drug traffickers do not simply commit drug-related offenses. For example, because of the vast revenues generated by drug smuggling and distribution, corruption of public officials has become an almost inevitable by-product of drug activities. Therefore, it makes sense to have an investigative agency with multi-offense jurisdiction involved in narcotics investigations.

The CHAIRMAN. I am going to turn now to Senator Biden for questions he may have.

Senator BIDEN. Thank you, Mr. Chairman. Let me begin by stating the obvious. I know Mr. Dennis and Mr. Farnan are aware of my continued interest in seeing even further coordination at the national level, the establishment of a Cabinet-level drug officer. I can see that my friend from Baltimore is aware of my interest in that area. With that prejudice in mind, and having gotten that passed through the Senate again, I want to make this clear. Although I support strongly and still feel the need for that, that is not necessarily incompatible with this task force notion.

Let me ask the following questions, if I may.

It seems to me that, from what all of you said, and maybe I am reading between the lines too much—this is a—correct me if I'm wrong. It seems as though the greatest single advantage that you see from the task forces, or at least one of the greatest, is the additional capital, dollars, money. Assuming you had the authority under the new task force system to do all this new coordination but did not have an increase in funding, would you be able to be as successful in your efforts to the degree that you have been thus far?

Mr. DENNIS. I think money, dollars, is a very important aspect of the program. I think it is necessary in order for us to be able to pursue this course and still maintain a credible posture with regard to other criminal activity that we are responsible for investigating.

I do not think that the program can necessarily be conducted as effectively as it is unless we continue to maintain the appropriate funding for it. I think we may fall back into a situation where our investigators and the prosecutors become demoralized because they see opportunities that present themselves but are just unable to take advantage of them.

### MORE FUNDING NEEDED

Senator BIDEN. I have only been in the Senate for 11 years, not like the Senator pro tempore here, who has been there for 30 years, longer than anyone in the Senate. But I have watched four Presidents since I have been there. There is always a tendency, I think, to underestimate the financial requirements. Whenever we have an attorney general of any political party before us—and we have had the unusual arrangement in the last two administrations of Strom Thurmond and I saying, don't you need more money; and both administrations have said, well, we're doing just fine. And that is one of the reasons why I like to come to the field. I hope you will not feel encumbered in answering this question.

Do you need more money in order to be able to better coordinate and be more effective in the pursuit of your required activities under the task force operations?

Mr. MOTZ. We can always use more money. We are not looking at all of the priorities and all of the concerns which underlie the Federal deficit. I think we need three things. We need the coordinated approach. We need, as I say, to make sure that we are in communication with one another. Funding is critical. The funding that you have given to us has helped us a great deal.

You also need management. I must say that I think that one of the accomplishments of my fellows at least have been working with is that I think they manage their offices well. I think they manage their resources well. They are getting more bang to the buck of the money that you are giving to them.

Senator BIDEN. Would it help you any, Mr. Motz, as you are the core city in this task force, to have more authority? Assuming tasking authority, assuming you had someone recalcitrant, U.S. attorney, which you do not have, but assuming you did in Delaware or in the southeastern portion of Pennsylvania, eastern district, is there any need for additional authority for a core city coordinating prosecutor?

Mr. MOTZ. I do not think so. I do not think that you can solve the problems by creating a new bureaucracy or new levels of authority. I think that the focus upon who can have the power to tell somebody to do what is destructive. I approach the job, I think, what I want Joe Farnan or Dennis or some other U.S. attorney to act as a core city U.S. attorney, and one of the things was, as I say, not to intrude upon their proper domain.

That said, if there is an allocation dispute, if there is a dispute about where a case should be brought, I feel that I have the authority to make that call. And I also feel that I would make the call. If somebody disagreed with me, I would expect them to go to Lola Jenson in the Department of Justice; and we would review the decision.

I think the important thing is to work by consensus, to have a process in place. Yes, I think I have the authority. And I think I would hope to be able to talk a recalcitrant U.S. attorney into the fact that I was right, after consultation with all the parties.

That said, if there was a dispute which somebody disagreed with, I would not resent them going to Lola Jenson. Or if there was an interregional dispute, I would——

Senator BIDEN. Should Mr. Jensen or anyone at the Justice Department be able to have the authority to resolve that dispute in an affirmative way that exceeds, goes beyond the tasking of the U.S. attorney personnel, the office personnel? For example, we are talking about DEA, Customs, FBI, and so on. Should someone be able to have that authority?

Mr. DENNIS. Well, in terms of the U.S. attorney's offices, the Associate Attorney General has that authority now with regard to resolving disputes. And I think——

Senator BIDEN. As it relates to what?

Mr. DENNIS. To specific cases or venue disputes——

Senator BIDEN. He does not have that authority, does he, to resolve the dispute regarding allocation of DEA personnel or Customs personnel, or does he?

Mr. DENNIS. Well, the budget process, of course, DEA is within the Department of Justice. The FBI certainly is. That budget process is internal to the department with regard to the allocation of resources. Ultimately, the Attorney General does make that determination where there may be a dispute with regard to less here, more there. So, I think that that process is already in place.

With respect to Customs, which is in the Treasury Department, I think we have seen that in the present course of allocating re-

sources and the present drug task force program, that that has been done on a coordinated basis between the Treasury Department and the Department of Justice.

CONTINUING CRIMINAL ENTERPRISE

Senator BIDEN. I have many more questions; but, since we got started late because of weather and the flight, let me just end with one short question for Joe Farnan, relating to the *Alvarez* case, which I compliment you all on. It is a significant accomplishment.

I am curious. I think I know the answer, but it is important to have it on the record. One of the most devastating tools we have put in the hands of law enforcement officers at the Federal level is the statute called the continuing criminal enterprise, which, if the case is proven and conviction under that, you can in fact receive life imprisonment, a pretty stiff penalty, which should be there. Why was the continuing criminal enterprise approach not taken in the *Alvarez* case?

Mr. FARNAN. Senator, there was a lot of discussion about that possibility, utilization of that statute. We chose to address the defendant with the Federal distribution law, as well as the State distribution law, which carries a very stiff mandatory penalty under the State of Delaware statute, in fact in excess of the CCE law on the Federal books. And that was simply the reason. We were involved in the dual prosecution theory in that case.

As you may know, the State of Delaware, if the defendant chose to go to trial in that case rather than plead out would have faced, after the Federal sentence was imposed, the mandatory sentence, which is, of course, I think it is approximately 15 years mandatory, consecutive to the Federal sentence. So, not to dilute the case for the State government, we chose to go dually and to expose him to the State sentence.

Senator BIDEN. It did not relate to difficulty in achieving a conviction under that statute? Was that part of it?

Mr. FARNAN. There was some discussion about that internally, but I think that the net result was that it was believed that a conviction could be obtained under that statute. There are some predicate problems in that statute that may pertain to that case, but I think we could have gotten beyond that. I think we were more looking for in Delaware to utilize the mandatory sentence that exists in the State statute, in combine with the Federal statutes. We have done that in kidnaping cases, in drug cases, and in other types of cases.

I am not saying there were not legal problems with CCE and——

Senator BIDEN. I understand what you are saying. You are answering the question exactly the way I assumed you would. I think it is important to have that on the record. One of the problems we have had, as you all know, particularly with regard to continuing criminal enterprise and forfeiture and RICO, is that, for a whole range of reasons, these tools which were looked to as extremely valuable in the early seventies as the weapons which were going to provide the access to breaking the back of organized crime, have only recently begun to be used. Quite frankly, the Congress only recently, in the last several years, has felt the urgency that Sena-

tor Thurmond and I and several others in the committee have felt of strengthening the statute. That is why I asked the question.

When the task forces were set up last year, I asked the General Accounting Office to carry out an ongoing review of the program. Their first report, released on Friday, shows generally favorable results. It indicated that early staffing problems and distribution of resources have been resolved, which is what you fellows are saying here today. At this stage I believe it is a little too early for us to make a full judgment about the assessment of the program, when we are trying to develop cases, particularly high level, drug traffickers and financing organizations. But down the road, I am interested in what measures you people believe will most significantly help show the level of success? So, we are going to be coming back to you. I want to emphasize that, although I am still strongly committed to the notion of a Cabinet-level coordinator, that does not in any way impact upon the support for this program. I view this program as an additional requirement, not as something that would supplant the notion of the Cabinet-level coordinator.

I compliment you on your work thus far. I think you are making some real progress. It is presumptuous for me to speak for the chairman, but, the way things are going, he will probably still be chairman next year, not only because he will be reelected, but because it looks like I am not going to get to be chairman because I am not sure we are going to win back the Senate.

The point is, whoever is chairman of this outfit next Congress, whether it is Biden or Thurmond, you are not going to find a bit of difference in terms of insisting upon you being fully funded and insisting upon you having all the tools that are necessary for you to be able to do what you are doing thus far.

I compliment you. Thank you.

Mr. MOTZ. Thank you.

Mr. DENNIS. Thank you.

Mr. FARNAN. Thank you.

The CHAIRMAN. Thank you, gentlemen. You are now excused.

Our next panel includes Mr. Dana Caro, special agent in charge, Federal Bureau of Investigation, Baltimore field office; Mr. John Wilder, special agent in charge, Drug Enforcement Administration, Philadelphia field office; and Col. Daniel L. Simpson, superintendent of Delaware State Police.

I believe you have a joint statement, the three of you.

Senator BIDEN. That is coordination in and of itself.

The CHAIRMAN. Will one of you now present your statement?

## STATEMENT OF A PANEL CONSISTING OF DANIEL L. SIMPSON, DELAWARE STATE POLICE; JOHN WILDER, SPECIAL AGENT IN CHARGE, DRUG ENFORCEMENT ADMINISTRATION, PHILADELPHIA; AND DANA E. CARO, SPECIAL AGENT IN CHARGE, FEDERAL BUREAU OF INVESTIGATION, BALTIMORE

Mr. SIMPSON. Mr. Chairman, I welcome and appreciate the opportunity to be here this morning. It is a particular honor for me to have the opportunity to present this statement on behalf of the Delaware State Police; Mr. John Wilder of the Drug Enforcement

Administration; and special agent in charge Dana Caro, of the Federal Bureau of Investigation.

What we would like to do here this morning, in an effort to summarize the kind of cooperative effort that has been going on in the State of Delaware between State and local authorities and Federal authorities, is to present to you the results of a case that was investigated jointly when the task force concept here in Delaware began back in the early part of this year.

What I would like to do here in the form of a joint statement this morning is to give you some of the particulars of that case and how we, as law enforcement agents, at the Federal, State, and local levels worked together.

Beginning in January 1983, the Delaware State Police and the Drug Enforcement Agency began to focus attention on Jorge Alvarez, who was a resident of the small rural community of Laurel, DE, in Sussex County. As a result, it was determined that Alvarez and his brother Diego Alvarez-Acosta were residing in Laurel, DE, on a property known as Windsong Farms, Inc.

Preliminary inquiry confirmed that Alvarez had previously resided in Miami, FL, where he was suspected of large-scale narcotics trafficking and had moved to Delaware in the fall of 1981.

Delaware State Police authorities, working with their Massachusetts counterparts, determined that an association existed between Alvarez and a Robert W. Herring of Springfield, MA, who was also a resident of Nissequoghe, Long Island, NY. Herring had previously been characterized by State police authorities as a major supplier of cocaine in the Springfield, MA, area.

At this point in time, the Delaware State Police and the Drug Enforcement Administration decided to seek the assistance of the OCDE Task Force concept, resulting in a joint effort, combining the expertise and resources of the Drug Enforcement Administration, the Federal Bureau of Investigation, and several Delaware police agencies.

Joining forces, the State-Federal investigation continued and on April 4, 1983, a court-ordered wire intercept was instituted on phones located at Windsong Farms in Laurel, DE.

The wiretap revealed numerous suspicious and incriminating calls which were thought to be in coded language. The conversations, when analyzed, indicated that Jorge Alvarez was dealing in cocaine and that he was assisted by his wife and brother, Diego Alvarez-Acosta. More specifically, Diego was a courier and significantly less important in the operation than Jorge himself. Jorge's wife, Virginia, assisted in relaying messages and according to a later statement given to investigative authorities by Herring, she transported money for Jorge.

The joint investigation developed evidence of cocaine trafficking by Jorge Alvarez with an individual known as Gabriel of Miami, FL. More specifically, during this investigation, investigators intercepted and inspected a suitcase containing approximately $46,000 which was being transported by an individual known as Jaime Zamerano from Jorge Alvarez to Gabriel. The interception and inspection was done under the authority of a Federal search warrant while the suitcase was in the possession of Delta Airlines. The sus-

pects were not aware of the inspection, and the money was allowed to go forward in order that the wiretap would not be compromised.

During the course of the wiretap, Alvarez went to Colombia, South America, for 10 days to arrange for a load of cocaine to be sent to the United States.

The investigation culminated on May 13, 1983, when Herring was arrested at Long Island, NY, with a kilo of 99 percent pure cocaine. He had just deplaned from a privately rented plane that had originated its flight in Laurel, DE, where he had picked up the kilo from Jorge Alvarez.

Herring later agreed to cooperate with law enforcement authorities by providing information regarding his involvement with Jorge Alvarez in cocaine trafficking.

Herring reported that he had been buying kilo and multikilo quantities of cocaine from Jorge Alvarez since the fall of 1978. He also stated that on at least one occasion, Diego made a delivery of cocaine to him and that Jorge seldom, if ever, actually handled the drugs himself. In addition, Jorge utilized two other brothers and his sister as couriers.

Herring stated that for several years, commencing in 1979, he had been purchasing 2 to 3 kilos per month from Jorge Alvarez at $56,000 to $57,000 per kilo. In early 1983, he started purchasing greater quantities of cocaine from Alvarez. During the 40-day period of the wiretap, he stated that he had purchased 3 kilos of cocaine from Jorge Alvarez.

The first 2 kilos were purchased on April 9 and April 23, 1983.

On May 13, 1983, Jorge distributed the third kilo to Herring at Laurel, DE. This kilo was seized from Herring as he exited the plane that had flown from Laurel, DE, to Long Island, NY.

Herring advised that he generally received his cocaine from Jorge on consignment. However, due to mismanagement of his operation, he had fallen behind on his payments to Jorge. Herring explained that, in order to settle the debts he owed to Jorge for cocaine, he: transferred title to a 1981 Porsche to Jorge and received a credit of $22,000 on his debt; he then deeded a house in Massachusetts during March, 1983, to Diego Alvarez-Acosta, and received a credit of $100,000; he relinquished his 45 percent interest in Windsong Farms, Inc.; and on May 13, 1983, he gave Alvarez $32,000 in cash. Pretty serious mismanagement.

Herring also said that he and Alvarez had planned to travel to Miami on or about May 16, 1983, to inspect a large shipment of cocaine that had just arrived from South America.

Subsequent to the arrests and seizures, information was given to the IRS which enabled them to file an $800,000 jeopardy assessment. The investigation showed Jorge Alvarez had various real estate and items of personal property in the United States with a total value of about $550,000 and a net equity of about $460,000. Alvarez also owns two very large farms and a horse tack shop in Colombia.

Among the real estate was a home in Springfield, MA, which has a value of $130,000 and has no mortgage. Robert Herring had deeded this property to Jorge Alvarez's brother, Diego, as payment for 3 kilos of cocaine. The home has been seized pursuant to the

Federal narcotics forfeiture statute, since it was the proceeds of drug transactions.

The three principal defendants in this investigation pleaded guilty. Jorge was sentenced to 12 years in jail and a $20,000 fine. Diego was sentenced to 3 years in jail. Herring was sentenced to 4 years in jail.

In Massachusetts, authorities have arrested about 20 coconspirators and customers of Robert Herring. Most of these prosecutions are pending.

The Alvarez investigation was one of the first OCDE Task Force cases in the State of Delaware. The case was the first Federal wiretap in Delaware on a narcotics matter. The law enforcement agencies and prosecutor's offices included: the Delaware State Police; Drug Enforcement Administration; Federal Bureau of Investigation; Internal Revenue Service; United States Customs; United States Attorney's Office; the Delaware Attorney General's Office; the Massachusetts State Police; the New Castle County, DE, Police; the Wilmington, DE, Police; the Springfield, MA, Police Department.

Eight of the State and local officers in Delaware were sworn in as deputy U.S. Marshals for the duration of this investigation.

In all likelihood, the *Alvarez* case could not have been successfully pursued in any way other than as an OCDE Task Force case. The amount of resources used in the investigation would never have been available except as an OCDE Task Force case. For example, task force funding was needed to:

Pay the travel and subsistence expenses of numerous Spanish-speaking FBI, DEA, and State and local officers who were necessary to monitor the wiretap. Invaluable assistance in the form of Spanish-speaking police officers, as previously mentioned, came from the Wilmington and New Castle County, DE, police departments and the Federal police agencies.

It was needed to pay the travel, subsistence and operational expenses of a complete FBI surveillance squad from the Baltimore office for 40 days.

And it was needed to cover other operational costs associated with a major investigation such as rental of space and vehicles, investigators' expenses, and overtime for State and local officers involved.

The combined expertise and resources of State and Federal authorities, coordinated through the newly created administrative entity of the OCDE Task Force, resulted in an exhaustive, timely, and highly successful investigative effort.

Our respective law enforcement agencies will continue to devote significant resources to eradicating narcotics in the State of Delaware and the entire mid-Atlantic region. We feel that, working as partners, we have been able to establish a very credible and aggressive record in this important area.

However, being realistic, we are collectively of the opinion that this combined effort of Federal, State, and local law enforcement is not the total solution to the narcotics problem. Domestic law enforcement efforts must be complemented by international agreements designed to eliminate the cultivation and supply of drugs from source countries.

Another very important program in attacking the drug problem lies in the education of our population against the use of drugs, thereby reducing the demand for drugs.

Collectively, we firmly intend to continue to present an aggressive law enforcement posture in this area.

The CHAIRMAN. Thank you very much. I want to commend you and the others involved in this investigation for its success and everything that you did to bring it to fruition.

I have a few questions here, and the rest of them I will let you answer for the record.

ADDITIONAL RESOURCES

The task force operations have involved a considerable infusion of Federal dollars into the fight against organized crime drug traffickers. In addition to additional personnel, what benefits have you witnessed as the result of additional resources?

Mr. SIMPSON. Mr. Chairman, I think, from the State's point of view the *Alvarez* case itself was an opportunity for us to work closely with the Federal law enforcement authorities and to avail ourselves of the international intelligence that they have access to that we do not have access to. The funding, the resources that can be allocated at the Federal level that realistically cannot be committed to the State level, is another consideration.

We talk in terms of the extent of financing, and the question was asked of the members of the Justice Department who were here testifying before us as to whether or not there was sufficient financing. As far as money is concerned, I think when we are dealing with people who are in a position to walk away from an area and leave a gym bag containing a quarter of a million dollars and just leave it sit there rather than risk being detected, apprehended, or prosecuted, I think when we are dealing with that kind of person who can make up that sort of loss in the course of a couple of weeks, it is unrealistic to think that we can deal with that person without a great deal of resources and a great deal of money.

The CHAIRMAN. Do you wish to comment, Mr. Wilder?

Mr. WILDER. Yes, I do, Mr. Chairman. First, I would like to say on behalf of the Drug Enforcement Administration that we certainly appreciate your appearance here today and also the appearance of Mr. Biden with respect to the drug problem that this Nation certainly faces.

I think it is unique that for the first time the Drug Enforcement Administration has realized the kind of resources that enable us to do an effective job at the drug enforcement level. Mr. Chairman, I have been working in drug enforcement for over 19 years. As a street agent and even as a manager, I think it is very frustrating when you get involved in an investigation and subsequently find yourself not able to pursue at the top levels because of resource constraints. Ironically, this administration has enabled us to do just that—pursue top-level investigations.

I think that, on behalf of all of the agents in the Drug Enforcement Administration, I would like to say thank you.

Just to give you an example of some of the cases we have worked since the establishment of the OCDE Task Force, we would not

have even been able to pay the informants, let alone actually investigate the cases and taking them to a successful conclusion, simply because of the kind of resource constraints we have had in previous years. That in itself has given, I think, the Drug Enforcement Administration, the agents, to include the agents of the FBI, I think, a new sense of dedication and enthusiasm. I see it at the working level, at the street level as well as the management level. I think that that is commendable, and that is a direct result, I believe, of this particular committee. And I want to say thank you for that.

I think the money, the manpower, the equipment that we have gained by this establishment of the OCDE Task Forces would never have been forthcoming had it not been for this. The travel, the other expenses associated with doing a high-level investigation, I think these are all plus factors that as a whole the nation would certainly benefit from because now we see the ability to do the things that we should have been doing years ago. We did not do them simply because we were hampered by the limited resources. Another plus factor is the high level of coordination that has been existing since the establishment of these task forces.

I would also like to say at this time that the U.S. attorney's offices that were represented here prior to our taking the seat at the witness table, we want to thank them, too. We also recognize that the new sense of dedication and also the input that the U.S. attorney's offices have had in the establishment of this particular program has been enlightening in terms of prosecution, in terms of oversight, in terms of coordination, and I think it has been great.

From a working level, I think that these are all plus factors. I believe that the benefits from it certainly will mean that we will continue to do a better job and eventually rid this nation of the drug problem that it is faced with today.

Thank you, sir.

The CHAIRMAN. Thank you. Mr. Caro.

Mr. CARO. Thank you, Mr. Chairman, Senator Biden. I echo the comments of my colleague.

To get things in perspective, prior to 1982, the FBI, of course, did not have jurisdiction to work drug matters in the United States. I believe we have come a long way in a relatively short period of time, primarily due to the tremendous assistance we received from the Drug Enforcement Administration. They have trained over 500 of our agents at the training academy. There has been a great deal of cross-training. We received a lot of training from agencies such as the Delaware State Police.

To answer your specific question, sir, I believe that, in addition to funding and the obvious benefit of closer cooperation, I believe we have brought new abilities to this problem. I think Senator Biden addressed that in his comments.

For the first time, we have Internal Revenue Service and the Alcohol, Tobacco and Firearms unit and other agencies working collectively with us on a day-to-day basis. The barriers have been broken down. We are working much closer with Customs. It is a reality in the Mid-Atlantic Task Force. For that, I am grateful as a manager of the resources of the FBI in Maryland and Delaware.

We are working better. We are working more effectively, primarily because the resources have been afforded by you gentlemen; and I am grateful.

MOTORCYCLE GANGS

The CHAIRMAN. Thank you very much.

Colonel Simpson, this committee has received considerable testimony about new forms of organized crime, such as motorcycle gangs. Based on your experiences in the field, could you comment on these developments?

Mr. SIMPSON. Yes, sir. We have here in Delaware a great deal of activity, which was identified a number of years ago, from the Pagan Motorcycle Club. The Pagans are one of the top outlaw motorcycle clubs in the country, and they have been identified by the FBI as having interstate dealings in firearms. DEA has had some involvement with them on a national level, and there is other stolen property. Primarily, they were making the money in recent years with dealing in methamphetamine. They were the largest suppliers of methamphetamine in the State of Delaware.

We had the opportunity to work very closely with DEA and the FBI again in a joint investigation of the Pagan Motorcycle Club. It resulted last year in the indictment and conviction of several members. Also, currently we have prosecution pending against two leaders of the Pagan Motorcycle Gang who are now currently fugitives.

This investigation had significant impacts on the crime problem in Delaware. It came about solely because we had available to us the cooperation and the resources of the Federal agencies. If we were to undertake that kind of an investigation here in Delaware, and if we were to see a successful conclusion, successful in the sense that there were some prosecutions, that the situation were to become so difficult for the members of the Pagan Motorcycle Club that they could no longer exist here in Delaware—Delaware is such a small State that they need only to move a few miles to be out of our State—they would continue to be a problem to jurisdictions such as Pennsylvania and other States, where other jurisdictions would have to deal with them.

The joint investigation, the investigation that involves the Federal agencies, tells groups such as the Pagan Motorcycle Gang that there is not anyplace in this country where this kind of activity is going to be tolerated. I think that that is significant. Through the involvement of the Federal authorities, they know that wherever they go, someone is going to be very cognizant of their existence and why they exist.

That is why I think it is absolutely essential that when we are dealing with organizations that have criminal activity involvement on a large-scale organized basis and their interstate activities are identified, that it should be a joint investigation.

The CHAIRMAN. Thank you very much.

Do you have any comments on that, Mr. Wilder?

Mr. WILDER. Senator, I would just like to add to that. We recognize that certainly there is a problem with respect to motorcycle gangs, not only in this district but throughout the entire eastern seaboard. I would assure you that our efforts certainly are positive

in those directions. Hopefully, we will be able to report back with some additional results as relates to that activity. Thank you.

The CHAIRMAN. Thank you very much.

Do you have any comments, Mr. Caro?

Mr. CARO. Mr. Chairman, I believe the area that I am most proud of, in addition to the Alvarez case, which Colonel Simpson articulated in detail, is the impact that the Federal and State offices have had in the State of Delaware. The impact on the Pagan Motorcycle Gang in the last year has been devastating.

Colonel Simpson and I took office at about the same time. We were talking about the crime problems in the State of Delaware 1½ ago. He and other senior officials of the State of Delaware advised me that the No. 1 crime problem was in fact the Pagans. The U.S. attorney concurred with that assessment. We committed our resources to the Pagans like we have never done in the past, and we have been successful.

I might add, Mr. Chairman, we have been successful in Delaware and Maryland, going in and having some impact on some of the outlaw motorcycle trafficking in Myrtle Beach, SC. We have been successful in working with the DEA, FBI offices in South Carolina in that group. They for a number of years now have been traveling from Delaware and Maryland to Myrtle Beach for a convention-type situation. Through informative elements, we have been able to infiltrate that group and get some prosecutions. We are very proud of that.

We have two individuals, Donald Trott and Tony Martinez, who are now Federal fugitives and products of a nationwide manhunt. We hope to bring these two club members back to the State of Delaware to stand prosecution at the earliest possible moment.

Senator BIDEN. Mr. Trott is apparently a neighbor of mine in Wilmington, where I live. I hope you bring him back, too, but not to live there.

### BAIL REFORM

The CHAIRMAN. Thank you. Colonel Simpson, this committee has received considerable testimony on other occasions about drug traffickers escaping prior to trial after posting millions of dollars in bail. What effect does this have on the morale of law enforcement personnel who have worked to make cases against those people?

Mr. SIMPSON. Mr. Chairman, the impact that has on the morale of the law enforcement community is devastating. To allocate the manpower and resources that overextend one, as we frequently find ourselves doing, I know not just at the State level but at the Federal level, to try to bring these individuals to justice and then find that the case is not over because, as Special Agent Caro said, we find ourselves involved in a nationwide manhunt to try to bring them back to justice is just the kind of thing that causes morale problems.

What I see as perhaps one solution to the problem is that, in looking at our procedures and investigations, if we continue to utilize all the Federal agencies that are available and to assess such things as resources that are available, money, properties owned, and so forth, by defendants, those people who have been targets of

investigations, we see what they have available to them. Probably, by acting very swiftly to seize those things so they are not available, so that money is not available for use for bond purposes, so that property that is $130,000 and mortgage-free is not available for use for bond purposes, these are some things that we can do from an investigative point of view procedurally to decrease the opportunity for defendants to place large sums of money or property up for bail.

The CHAIRMAN. Mr. Wilder.

Mr. WILDER. Mr. Chairman, I certainly agree with those comments.

I would only add that we are finding that bail in drug cases and the money that is available to traffickers are only recognized as expenses. Consequently, they are able to put up the kind of money that is required for bail. I think that the Drug Enforcement Administration has long been an advocate of bail reform as well as sentencing reform. I think that those could be two built-in deterrents to drug trafficking in this country, if we can actually get some reform in those areas and implement that as soon as possible. I would appreciate it.

The CHAIRMAN. Thank you. Mr. Caro.

Mr. CARO. I share the sentiments of my two colleagues. The only thing I might add is that U.S. Attorney Farnan has been extremely successful in the district of Delaware in the use of the Nebbia hearing, where he has started to seek out and determine the access of funding. We have found in many instances folks all of a sudden lose the interest to make bond. He has been very successful and very aggressive in that approach. We are appreciative of it.

The CHAIRMAN. Thank you very much. Senator Biden.

Senator BIDEN. Mr. Chairman, I understand——

The CHAIRMAN. Senator Biden, I am going to have to leave now to keep an appointment this afternoon at the White House with the President. Please take charge of the hearing and complete it. It has been a pleasure to be here with you.

Senator BIDEN. Thank you, Mr. Chairman. Give the President my best. Tell him I will be happy to see him anytime he wants to.

I should say for the witnesses also, although I am going to keep you here a little while longer, I will have to catch up with Senator Thurmond out at Dover Air Force Base. We are going to do an inspection. There is a meeting with the vice wing commander out there. He is going to go ahead to that first. I am going to stay with the vice wing commander when he goes to see the President.

[The chairman leaves the room.]

Senator BIDEN. Gentlemen, I would like to pursue several aspects of the case. Let me begin by saying a bit on the *Alvarez* case and move from there to talk about a few broader questions, if I may.

Let me say at the outset that I think the *Alvarez* case is quite an accomplishment. I do not in any way denigrate how important that was. But I would like to put this in focus, and I need some help from you on that.

First is the scope of cases. Mr. Wilder, you have been at DEA for 19 years, you say. How long have you been with the FBI?

Mr. CARO. Twenty-two years.

Senator BIDEN. Twenty-two years. So, you guys have been around for a while. You all have extensive experience.

I would like to direct these first several questions to DEA and the FBI.

I, as Mr. Wilder knows, have been both a supporter of and a thorn in the side of DEA since I have been in the United States Senate. It is one agency I never have any problems with. When I call, they are immediately there. I think sometimes they are there to make sure that Biden doesn't start off again on them. But there have been some massive cases. We have an $80 to $90 billion illicit drug problem in our country. Some of the information we received from DEA over the years has been that individual crime families are in the business to the tune of several billion dollars a year, some as much as 10 to 12 billion.

The *Alvarez* case is big. But in the scope of things, we are not talking about breaking up any organized crime family in the sense we usually think about it. We have a family here, in other words, an immediate family, an extended family of three, four, five, six, seven, eight people. How big is the *Alvarez* case in terms of, in the context of talking about getting at major drug trafficking networks, organized crime family networks, drug distribution networks?

Mr. WILDER. Senator, if I might take the first crack at that. I think that the *Alvarez* case certainly is significant, a significant case for the State of Delaware and probably for many, many other States. It might not have been as significant, for example, maybe in Florida, where——

Senator BIDEN. There are a number of cases where we are talking about hundreds.

Mr. WILDER. Yes.

But the impact that an Alvarez can have in the State of Delaware could be devastating.

Senator BIDEN. Agreed.

Mr. WILDER. I think that that is what we have to focus on in terms of what is the negative impact that this particular traffiker had the potential for. And certainly he had the potential for great negative impact for this particular State.

Senator BIDEN. I want to make it clear that I really think the case was significant to our State. As a parochial U.S. Senator, I very much appreciated that. But as a U.S. Senator who ranks in this committee who spent most of his time on international drug trafficking questions and arms control more than anything else I have done, I also am worried about whether or not we take this case, in effect, to Washington as an example of the coordination that is going on. If it cannot be coordinated here, it cannot be coordinated anywhere. The fact of the matter is that you are dealing with—and I am being somewhat parochial—one of the best police agencies, local police agencies in the United States.

Mr. WILDER. Absolutely.

Senator BIDEN. These guys have been cooperating for years.

Mr. WILDER. Yes, sir, I agree.

Senator BIDEN. We are only 600,000 people. We are smaller than all of the ring counties of Philadelphia, smaller than all of them in terms of population. So, I just want to make sure we keep it in focus. As significant as it was, I want to look down the road to this

coordinating effort and how valuable it is and what it is likely to lead to.

In that regard, we had some problems, did we not, in this case? For example, the Spanish-speaking folks you brought in, tell us about the difficulties you had at the outset of that and why.

Mr. CARO. We are having a difficult time with native speakers in the FBI. We are having a very difficult time. I know the Drug Enforcement Administration is having the same problem.

Senator BIDEN. I am in the Intelligence Committee. The CIA is also having a problem, by the way.

Mr. CARO. Heretofore, we would take someone on board, send him to a military language school out in California, and they would be Spanish-speaking agents. They do not have the sophistication and the ability to speak drug language. We are now in the throes of a massive recruitment effort, primarily in the border States, to find native-language-speaking individuals, individuals that qualify for the position of special agent. That is the only long-term solution to the problem.

Senator BIDEN. The reason I raise the question—and I appreciate your candor—is that I, for one, believe that our funding efforts to help you cannot just be focused in terms of what the task force money is. I believe very strongly that we should be putting more money into the education process and providing for recruitment of agents. For example, if I am not mistaken, the several agents that came in here with a Spanish-speaking capability were Spanish-speaking Puerto Ricans. Is that correct?

Mr. CARO. Yes, sir.

Senator BIDEN. They had difficulty, did they not, in understanding and dealing with the colloquialisms and the drug language, the colloquialisms of the Colombian family who spoke Spanish and the lingo that is prevalent in the drug world.

I think it is important for credibility. I do not want to walk out of here with the *Alvarez* case as, this is it, this is the model. I do not want in any way to suggest that what was done was not important. I want to figure out what can I do and what can Strom Thurmond do as U.S. Senators in positions of being able to do something on this issue, to increase your ability to deal with cases like this.

Mr. CARO. The *Alvarez* case had another effect. It developed a competence among the investigative components that they can do it.

Senator BIDEN. That is a good point.

Mr. CARO. It is going to make it a lot easier next time. The next time the Delaware State Police are confronted with an Alvarez problem, I do not think there will be any hesitancy, if there was this time, to take the bull by the horns and say: we, along with DEA and the FBI or IRS or Customs, can attack an Alvarez or five Alvarez cases. I believe Colonel Simpson knows the commitment now. We were talking before, we expressed words before. I gave him a commitment: Dan, you need the surveillance squad in Baltimore; you have it. Well, those were words. But now I think he knows the commitment that we have to his crime problem in the State of Delaware.

Senator BIDEN. Do you all have any problem with our other State, Florida? I understand there were little difficulties. You

thought that you would get some help. You were tracing dollars, if I am not mistaken. You thought it might be worth tracing into and through Florida. And you found from your compatriots in Florida that it was not either—well, what happened? Why don't you tell me what happened?

Mr. WILDER. Sir, I think that there was a request made for some assistance in Florida. To my knowledge, that assistance was given. Now, I think what we have to look at is that Florida also has priorities and ongoing cases. If I might revert back to the first phase of this question, in terms of the Spanish speakers, at the time that this investigation was under taken in Delaware, there were a host of investigations with either the same significance and some even greater significance and having a greater impact on the Nation as a whole with respect to drugs coming into this country that were under way.

Many of the Spanish speakers that spoke various dialects of Spanish were employed at the time on wires across the country.

The other thing, in talking about the Florida situation, the objectives of that particular aspect, going to Florida, tracing the money, I think, were met with respect to the resources that they were unable to apply at that particular level.

Here, we may sit in Delaware and say, you should stay with it for 24 hours or 48 hours. Oftentimes, someone in Florida has to call the shot based on the available resources and also based on other intelligence that is under way because the wire was still operating at the time that these surveillances were being conducted.

Senator BIDEN. Now you are getting to it, Mr. Wilder, in my opinion, and I appreciate it.

Again, what I am about to say exceeds the requirements and jurisdiction of the local task force here, which, again, I am not just merely being parochial. I think it is probably going to end up being a model because of the relationship that everyone has here.

You point out the resource problem. My continuing criticism of the task force is not the personnel. We are spending $157 million for all 12 task forces. By the way, we do not even have a task force in Florida, which I find somewhat unusual. There is no task force in the same context. I understand that the administration is considering making 13th task force in Florida this year.

We spend $22 billion a year on a PIK program to pay farmers not to grow corn. We spend somewhere in excess of $258 billion on defense. We spend tens of billions of dollars on programs. I find it absolutely ludicrous to be talking about not being able to spend the money needed for drug enforcement.

I think the slight difficulty which was not at all critical in Florida and the requirement of having greater priorities for maybe more appropriately equipped Spanish-speaking agents in other areas of the country, does not reflect poorly on the task force. I think it reflects, to the extent that it reflects at all poorly is that we have to continue to increase the commitment. The American people have to understand that this does not come cheaply.

We are not talking about Joe Farnan or Mr. Dennis or anybody else as, sitting down in his or her office as U.S. attorney, competing with some person running an organized crime outfit with a green eyeshade, sitting out on Long Island with a pencil. They are sitting

on the 80th floor of the World Trade Tower with a computer network that ties in the whole world, paying more money for their accountants than we pay for the entire prosecutorial effort in this country.

I am baffled that, with an $80 billion problem just in drugs, we spend for Federal law enforcement less than $3 billion. I mean, the priority is a little skewed.

That, by the way, is Democrat/Republican, Congress/President.

What I want to say there—and then I will move on to the next area—is this. Do not let any of us or any of your superiors, if I may be so bold, suggest to you that you should be paying any part of the deficit problem. Your extra hundred million dollars will not be a drop in the bucket of what will be by 1989, according to this morning's paper, a $289 billion dollar deficit. A $200 billion deficit every year for the last several is going to continue for the foreseeable future. So, do not get whipsawed.

At the field, drop notes over the transom to Senator Thurmond and me, saying: hey, we could use more.

Everybody in both the Carter administration, the Ford administration, this administration, when you ask them, you say: do you need more money? I see Bob McConnell from the Justice Department back there, looking at me, saying: oh, no, we're OK, we can do it. We can do more with less.

Fellows, $157 million is not even close to what you need. And I want to tell you, you are going to be plagued with me as long as I am in the Senate, trying to give you more money, trying to spend taxpayers' dollars, trying to get you to take that money, because I cannot think of any better way to spend it than to move it your way.

With regard to the question that I want to raise—and I am not going to keep you much longer—about the allocation of forces in the *Alvarez* case, how many State police officers were involved in that case? In terms of numbers, give us a sense of what you are talking about.

Mr. SIMPSON. On a day-to-day basis, we had four men committed full time, thus 24 hours a day, for utilization of those four men. There was a fifth person in and out of there.

Senator BIDEN. What were their responsibilities?

Mr. SIMPSON. Of course, at that time we had the wire going. I suppose the best way to describe what they were doing was to say that they were developing investigative leads and confirming and developing information that was developed over the wiretap. When information was received over the wire, they would go out and confirm that, that that particular activity was going on, or develop some information to support what was heard.

Senator BIDEN. Mr. Caro, without the wire, would this case have been able to be made?

Mr. CARO. No, sir. There is not a question. It could not have been made. We could not have gotten to Mr. Alvarez without the title 3 intercept.

Senator BIDEN. How much of this trafficking operation did Alvarez control? I ask that of any one of you.

Mr. WILDER. Well, Alvarez was certainly the key figure in the particular trafficking operation. I would like to reemphasize that

there were also approximately 20 related arrests in the State of Massachusetts by the Massachusetts State Police that was coordinated during this particular time also. But Alvarez certainly was the key figure with what we consider to be the connections overseas, and so forth.

Senator BIDEN. Was he financing the operation dealing directly with transshipments from Colombia and delivering it to distributors? Was he the one financing it?

Mr. WILDER. Yes, he was the key figure.

Senator BIDEN. Gentlemen, I know we promised we would not keep you late. I have another four or five questions. I suspect Senator Thurmond does also. I do not want to make a lot of work for you. We do not need essays. But I am going to submit them to you in writing.

Without objection, this will be inserted into the record at this point.

[Material referred to follows:]

STATE OF DELAWARE
DEPARTMENT OF PUBLIC SAFETY
DIVISION OF STATE POLICE
P.O. Box 430
DOVER, DELAWARE 19901

January 24, 1984

The Honorable Strom Thurmond
Chairman
United States Senate
Committee on the Judiciary
Washington, DC 20510

Dear Mr. Chairman:

Our experience in Delaware with the Drug Enforcement Agency and the Federal Bureau of Investigation has been very positive. Personnel assigned to Delaware, at the supervisory and agent level, have historically been most cooperative.

We clearly understand the magnitude of the crime problem in America and the need for investigations to cross state lines. Federal law enforcement agencies are equipped with the statutory power to investigate and prosecute cases throughout the country. Therefore, they are the logical source for coordination of efforts. The Jorge Alvarez cocaine smuggling case, handled by the Task Force, is a perfect example of the need for Task Force approach to drug trafficking. Alvarez was smuggling cocaine from his native Columbia into the United States, where it was distributed throughout the northeastern part of the country. The Delaware State Police, the Drug Enforcement Administration, and the Massachusetts State Police were all suspicious of Alvarez and his activities. Involvement of the F.B.I., and the utilization of the Task Force Investigation, resulted in the arrest and successful prosecution of the Alvarez brothers and their associates. This could never have been accomplished on the state level.

We do not consider the involvement of the federal authorities as intrusive. SAC Dana Carrow, of the F.B.I., and SAC John Wilder, of the DEA, have been extremely cooperative and assisted state and local authorities in cases where it was clear there was no federal violation.

The F.B.I. is new to the area of drug investigations, but not to the methods of organized crime and international involvement in the nation's crime problem. In many cases, the investigation of drug activity reveals other criminal activity. The larger the scale of drug activity, the more total criminal activity is revealed.

Investigations in Delaware of the Pagan Motorcycle Club, which were conducted jointly by F.B.I., DEA, State Police, New Castle County, Newark and Wilmington Police, lead to drug arrests that ultimately will impact the total crime problem. The Pagans did not limit their activities to drugs. Murder, assault, rape, burglary, robbery, auto theft, weapons violations, and a multitude of other offenses are a way of life to gang members.

We are pleased with the spirit of cooperation that currently exists in law enforcement in Delaware. The efforts of the individual agents in the F.B.I., DEA, ATF, U. S. Marshal's Office, Secret Service, and other federal agencies to cooperate with state and local authorities has resulted in the successful conclusion of several investigations.

Very truly yours,

Daniel L. Simpson

Colonel Daniel L. Simpson
Superintendent

DLS/mms

U.S. Department of Justice
Drug Enforcement Administration
*Office of Congressional Affairs*

*Washington, D.C. 20537*

January 31, 1984

Ms. Deborah K. Owen
General Counsel
Committee on the Judiciary
United States Senate

Attached are the Drug Enforcement Administration's responses for the record to questions submitted subsequent to the Committee's hearing in Dover, Delaware on December 13, 1983 concerning the Organized Crime and Drug Trafficking Task Force in the Mid-Atlantic Region.

Richard L. Schultz

---

SENATOR THURMOND

Question #1

As you are aware, while the primary burden of fighting violent crime in this country falls on the States, the Federal government has an important supporting role in terms of providing assistance to the States and involvement in interstate cases. Sometimes in the past, concerns have been expressed by State and local law enforcement people that Federal involvement may be intrusive, rather than supportive. Do you believe that the Task Force arrangement provides an appropriate balance between State and Federal efforts and can you give us some specific examples of how it has worked in this area?

Response

(A) The task force arrangement has had a positive impact on enhancing the efforts of the federal, state and local law enforcement agencies in accomplishing their respective missions.

It has been our experience that organized criminal enterprises are, by necessity, involved in a variety of criminal activities in order to ensure the continued success of the enterprise. Specifically, a typical drug distribution network involves, but is not necessarily limited to the following criminal acts:

1. Smuggling
2. Money Laundering
3. Homicide
4. Loan Sharking
5. Bribery/Corruption
6. Weapons Violations
7. Tax Evasion
8. Immigration Violation
9. Extortion

The traditional law enforcement response would be for each enforcement agency to individually develop information relative to a specific criminal act, the commission of which is of concern to that particular agency. Information regarding other criminal acts may have been disregarded either due to ignorance of the

appropriate criminal statutes, or the lack of a formalized, workable, information exchange system by which the agency having jurisdiction would be notified.

The task force approach however, brings experienced investigators of several agencies together, and collectively, the combined intelligence and resources are capable of immobilizing key elements of the criminal enterprise through the application of a variety of criminal statutes. Likewise, civil forfeiture proceedings and asset removals severely impact on the organized criminal group's ability to continue the enterprise after the prosecution of the targets.

(B) Specific examples of how the task force concept has worked for the Philadelphia DEA offices area of responsibility are as follows:

1) The Division is currently involved in undercover penetrations of traditional organized crime heroin trafficking. Had not the OCDETF program been initiated, appropriate funding would not have been available and undercover investigations would have been restricted to much lower levels of organizational hierarchy. Additionally, these investigations have made extensive use of Title III intercepts which would have totally exhausted enforcement manpower, had not the added resources been made available through the OCDETF member agencies.

2) The Division has initiated several other OCDETF investigations which would have heretofore been halted with evidence encompassing a much lower strata of the criminal organization. The significant increases in funding and investigative resources made available the member agencies through the OCDETF approach will yield a correlative impact on organized drug trafficking on a national level primarily by a demonstrable rise in 1) the number of prosecutions of sophisticated organized drug trafficking conspiracies and persons of greater authority or rank in those organizations 2) the total value of drug trafficking assets seized.

3) Without further detailing of ongoing cases, the Division would like to point out investigative elements that are applied by the Division which have been significantly enhanced by the OCDETF approach:

   a) PE/PI funding increases making undercover penetration of higher levels of organized crime possible.

   b) Manpower availability through increased personnel levels on a permanent basis, and temporary increases through inter-agency cooperation which has particularly increased utilization of Title III and extended surveillance techniques.

   c) Intelligence exchange between agency members, though usually not highlighted, has greatly increased with very positive results. Not only does it identify criminal conspiracies which all agencies were usually not aware of; by targetting these conspiracies as OCDETF objectives, all the intelligence of each agency is assimilated into the total enforcement effort, yielding a direct impact on evidence gathered for criminal and civil action. Cooperation of the member agencies has experienced the same enhancement, with similar positive results.

   d) Increased funding for travel in furtherance of investigations has measurably raised capabilities to follow up investigative leads.

e) Acquisition of additional vehicles through OCDETF funding has added to investigative strategy flexibility.

In addition to the ALVAREZ investigation, one other Philadelphia Division OCDETF case has been concluded. It resulted in the total dismantling of a major conspiracy organization, conviction of the top echelon of command and the seizure of all identifiable assets accumulated. Although this case did not require extensive OCDETF funding assistance, it did employ the OCDETF multi-agency attack. It is doubtful the case would have reached the level it did had not the OCDETF approach been followed. This assertion is based on the extensive level of inter-agency cooperation, without which, the high level of prosecution and asset seizures would not have been reached.

Question #2

Have the Task Force operations had benefits, such as the development of good working relations, which may carry over into other law enforcement areas?

Response

It has been DEA's experience that in our smaller offices (2-4 special agents) there is, out of necessity, very good working relationships with state and local personnel, in that most, if not all, criminal investigations must be worked jointly in order that sufficient personnel be available for surveillances, arrests, search warrants, etc.

However, the current task force operations have encouraged and also resulted in the formation of working relationships with other federal agencies in both our smaller field offices as well as our larger field offices. Likewise, our larger field offices, which due to size, have been somewhat autonomous, are now working more closely with state and local authorities in accomplishing our mutual missions. This closer association has made the accomplishment of our investigative goals more of a reality, through enhanced information sharing and availability of resources.

The working relationships have had a carry over effect into other law enforcement areas in that the close working relationships encourage task force member's awareness of each participating agencies mission. Consequently, the scope of intelligence gathering and informant debriefing by each member is broadened, and development of information regarding criminal activity outside the area of illicit narcotics trafficking is immediately brought to the attention of the appropriate agency's task force representative.

Question #3

The FBI's involvement in this area is relatively new. Could you comment on the benefits that this new jurisdiction may have created?

Response

The benefits of the FBI's new jurisdiction are as follows:

a. Making one of the most effective domestic intelligence gathering agencies sensitive to DEA's mission and enhancing information sharing.

b. Utilization of the FBI's technical expertise in drug investigations (installation of Title III's, surveillance, photography, etc.)

c. Additional resources (i.e. manpower, vehicles, technical equipment)

d. Enhancement of working relationships between FBI and DEA personnel which encourages expeditious intelligence sharing. This aids in the accomplishment of each agency's respective mission.

SENATOR BIDEN

Question #1

Has the use of forfeiture been increased under the task force? Why or why not?

Response

While the Philadelphia Division of DEA has been active in asset forfeitures, the task force program has resulted in additional asset forfeitures. Specifically, DEA agents are sensitive to, and aggressively pursue, asset removals pursuant to Title 21, USC 848, 881 and Title 18, USC 1963 (RICO). However, DEA agents do not typically have the sophisticated approach to asset removals pursuant to other federal/state statutes and the addition of IRS, Customs, FBI, state and other agency personnel to the task force concept adds a significantly larger dimension to successful criminal asset forfeitures.

A specific example of the foregoing is the recent IRS initiated $800,000.00 asset removal which resulted from their participation in the ALVAREZ investigation. It is the first such removal in a Delaware drug investigation.

Question #2

Does your agency keep statistics on forfeiture? If so, do you coordinate those statistics with the other agencies and the U.S. Attorney's offices so that the figures don't overlap?

Response

DEA maintains statistics of the forfeiture process, from seizure to final disposition, of all seizures for which DEA is responsible. However, the various recordkeeping systems and regulations do not allow tracking through to final disposition the cooperative seizures referred to other Federal or local agencies.

Question #3

How much of this trafficking operation did ALVAREZ control? In other words, was he financing the operation dealing directly with transshipments form Columbia and delivering to distributors?

Response

ALVAREZ was the financier and arranged for the importation of cocaine. We believe that other members of the organization in Colombia would purchase the cocaine. The cocaine packages would be marked 'AJAX' and delivered to an independent operation named 'La Line' which specialized in smuggling substantial quantities of cocaine for reveral major cocaine networks. Then other organization members who reside in the United States would go to 'La Line' in Florida, pick up the cocaine packages marked 'AJAX', and distribute the cocaine to Northern New Jersey, New York City and Massachusetts. (La Line would be paid $8,000 for each kilogram imported).

Question #4

How close to the drugs and exchange of money was ALVAREZ?

Response

ALVAREZ seldom, if ever, was present with drugs or during the exchange of money for drugs.

Question #5

Do you believe that the three defendants convicted in this case were the entire operation?

Response

The three defendants arrested, while being primary figures in this operation, were not the entire operation.

Question #6

Were there any other individuals involved that you could not get to?

Response

There were other individuals, both in Colombia and in the U.S., involved in this organization's criminal activities. It was the joint decision of the agencies involved not to seek prosecution of these individuals at this time.

Question #7

Do you believe ALVAREZ was supplying other distributors besides HERRING?

Response

ALVAREZ supplied at least two major Colombian cocaine distributors in the Northern New Jersey area, in addition to HERRING.

Question #8

Gentlemen, I have been known to criticize the lack of coordination and cooperation that has existed between the agencies in the past. In specific terms, I would like you to tell how the task force has improved coordination and cooperation at your level.

Response

Coordination and cooperation have been improved in the following areas:

a) increased communication among law enforcement agencies.
b) realization that a 'team effort' is effective.
c) breaking down misconceptions about personnel from other agencies and minimizing 'unhealthy' competition.
d) cross training of law enforcement personnel by experts in their respective fields.
e) routine communication between participating agencies and added respect for the requests from each.
f) mission oriented decisions are based upon the input of each of the participating agencies; the result being that investigations are conducted more effectively and with substantial support from each f the participants.
g) technical expertise is shared.

Question #9

In addition to specific examples like the Pagan and ALVAREZ investigations what can we expect the long range outcome will be? Is this cooperation you explain simply a product of the task force and those involved? Or, will it go beyond the task force program?

Response

The long range outcome of task force investigations will probably include the following:

a) more sophisticated federal, state and local investigators resulting from long term investigations which receive adequate resources and which expose the investigators to sophisticated organized crime tactics to avoid detection. Additionally, the investigators will also become aware of additional criminal statutes that may be successfully utilized to immobilize an organization.
b) increased application of the Title III statutes due to increased technical and personnel resources.
c) upgrading of law enforcement equipment to hopefully at least match the 'state of art' technical equipment utilized by organized criminal operations.
d) a certain degree of paranoia in the criminal community resulting from deeper undercover penetration and/or multi-defendant arrests or complete immobilization of most of the critical elements of the criminal organization.
e) increased application for the U.S. Marshall's witness protection program.
f) identification of sophisticated money laundering techniques utilized by organized criminal enterprises.
g) substantially more time devoted for trial preparation and lengthened trials due to multi-defendant and complex investigations.
h) increased price of illicit drugs and/or reduced purity.
i) increased application of RICO statutes and Continuing Criminal Enterprise statutes
j) enhancement of intelligence gathering.
k) increased international cooperation.

While initially a product of the task force program, this cooperation should develop a life of its own, in that the basis of any investigation is the individual investigators, and the rapport developed through joint investigations will enhance the exchange of intelligence information and mutual assistance among the agencies.

Question #10

How about the cooperation and coordination with Treasury agencies. How is that progressing?

Response

Philadelphia has always enjoyed an excellent relationship with ATF and the Secret Service. Additionally, DEA Philadelphia will be initiating a multi-agency investigation involving participation by the U.S. Customs Service. It is anticipated that both DEA and the Customs Service will benefit from this mutual effort.

U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

7142 Ambassador Road
Baltimore, Maryland 21207
January 27, 1984

The Honorable Strom Thurmond
Chairman of the Judiciary Committee
United States Senate
Washington, D. C. 20510

Dear Senator Thurmond:

In response to your letter of January 9, 1984, I have enclosed my responses to questions of interest to the Judiciary Committee.

I welcomed the opportunity to participate as a witness in Judiciary Committee hearings in Dover, Delaware, regarding the role of the OCDE Task Force groups. Your interest in this vital area and continuing support for Federal law enforcement is appreciated.

Warmest personal regards,

Sincerely yours,

Dana E. Caro
Special Agent in Charge

---

QUESTION: As you are aware, while the primary burden of fighting violent crime in this country falls on the States, the Federal government has an important supporting role in terms of providing assistance to the States and involvement in interstate cases. Sometimes in the past, concerns have been expressed by State and local law enforcement poeple that Federal involvement may be intrusive, rather than supportive. Do you believe that the Task Force arrangement provides an appropriate balance between State and Federal efforts and can you give us some specific examples of how it has worked in this area?

RESPONSE: The FBI's role in working with State and local authorities to combat major narcotics trafficking has been most successful throughout the Mid-Atlantic Narcotics Task Force Region. I am most familiar with our successes in the states of Maryland and Delaware inasmuch as those are my specific areas of responsibility. In addition to the Alverez investigation in Delaware, which represented an outstanding joint Federal and state effort, the FBI's investigation of the Pagan Motorcycle Club (PMC) in Delaware uncovered the extent to which this

group directed the manufacture and distribution of controlled substances in the greater New Castle County, Delaware, area. This investigation was initiated by the Baltimore Division of the FBI in September, 1981, and was designated a Task Force investigation in January, 1983.

The investigative staff assigned to this case consisted of two full-time FBI agents, one full-time Delaware State Trooper, and a detective of the New Castle County Police Department. In addition, for a six-month period in 1983, the investigation required the additional assistance of a full-time Maryland State Trooper and a Newark, Delaware, police officer. The officers were sworn as Special Deputy U.S. Marshals for jurisdiction purposes as well as to allow them access to grand jury material pertinent to this investigation. The investigation established that the leadership of the PMC in New Castle County, Delaware, controlled an estimated 50-75 percent of the methamphetamine traffic, not only in New Castle County but also in Chester County, Pennsylvania, as well. In addition, investigation reflected that pertinent members of the PMC in New Castle County were able to establish a market for marijuana, cocaine, and quaaludes that were being transported from North Carolina and Florida for eventual distribution by gang members in the state of Delaware.

To date, the investigation has resulted in Federal indictments of eight members in the District of Delaware for Controlled Substances Act violations. Federal indictments have also been returned against 13 associates from the PMC in the District of Delaware.

In addition to Federal indictments, the New Castle County grand jury has indicted 13 members of the PMC for violations of state narcotics laws.

Additionally, the combined state and Federal effort in this investigation has led to the recovery of controlled substances valued at $85,000, the seizure and forfeiture of property and vehicles in the amount of $94,000, the recovery of $10,500 in stolen property, the clearance of approximately 125 burglaries, two armed robberies, two kidnapings and assaults, 25 vehicle thefts, and two firearms violations.

Currently there are numerous ongoing investigations involving cooperative efforts of the FBI, state, and local law enforcement agencies and other Federal law enforcement agencies, all of which are using the administrative vehicle provided by the Task Force concept to improve exchange of information and marshalling of manpower and resources.

QUESTION: Have the Task Force operations had benefits, such as the development of good working relations, which may carry over into other law enforcement areas?

RESPONSE: The establishment of a Core City Coordination Group in Baltimore, Maryland, with supervisory representation from all of the participating Federal agencies has resulted in the development of a rapport and trust and exchange of information that has certainly enhanced and surpassed previous efforts regarding coordination and exchange of narcotics information between the various Federal and state law enforcement agencies. Whenever a new Task Force case is initiated, each of the participating agencies receives background information regarding all subjects and organizations. Each agency coordinator then insures that his respective files and computer data banks are checked and that any pertinent information regarding the subjects of a Task Force investigation is quickly disseminated to the coordinating case agent. The FBI insures that the above type of data is automatically included in its files and intelligence computer systems so that it can be retrieved at a later date by any FBI office nationwide that makes an inquiry regarding a particular subject or organization.

In addition to the Core City Coordination Group, District Coordination Groups have been established within the seven Federal judicial districts in the Mid-Atlantic Region consisting of representatives from all participating agencies. Prior to the approval of a narcotics investigation as a Task Force case, the District Coordination Groups must meet and discuss and exchange all pertinent information dealing with the investigation prior to forwarding it to the Core City Coordination Group, Baltimore, for approval. This administrative requirement has resulted in a significant enhancement of the cooperative effort of participating agencies throughout the entire Mid-Atlantic Region.

This professional rapport and enhancement of working relationships in the narcotics field between Federal, state, and local authorities has carried over into other highly successful joint investigations. Most recently, the FBI and state and local authorities successfully concluded an investigation involving the brutal murder of two individuals, one of whom had been scheduled to testify in a Federal narcotics trial in which an individual named Anthony Grandison was the defendant. On August 28, 1983, Scott Piechowicz and his sister-in-law, Susan Kennedy, were machine gunned at 3:22 p.m. while working at the front desk of the Warren House Motel in Baltimore, Maryland. Piechowicz and his wife Cheryl, sister of Susan Kennedy, had been scheduled to testify in a Federal narcotics trial against Anthony Grandison. The FBI office in Baltimore immediately marshalled the entire resources of the Baltimore Division of the FBI and established an investigative team consisting of FBI agents, Baltimore City Police Department and Baltimore County Department detectives. This investigative team remained intact until Grandison and his three co-defendants were indicted by a Federal grand jury on charges of obstruction of justice and civil rights violations. The resources of detectives assigned to both the narcotics and homicide units of the Baltimore City Police Department were vital in view of their expertise with inner city heroin trafficking and relationships that these individuals had with known assassins in the criminal community. Local officers also provided vital assistance in obtaining three search warrants, two from a local magistrate and one from a Federal magistrate that resulted in the seizure of evidence relevant to the above double homicide. The professional relationships, rapport, and trust that had been formed as a result of the OCDE Task Force effort contributed to the success of the above investigation.

In addition to the aforementioned investigative team, the FBI office in Baltimore, under my direction, assembled on several occasions the heads of the various Federal and state law enforcement agencies in the greater Baltimore metropolitan area. The input from this group was essential in coordinating a major police response to an attempt by organized narcotics traffickers in the area to thwart the entire judicial process. This was the

first known attempt by the criminal element active in narcotics to murder innocent witnesses who were totally removed from the narcotics activity itself. This Task Force concept was of great assistance, for example in obtaining information from the Bureau of Alcohol, Tobacco, and Firearms concerning the capabilities and other pertinent specifications involving the homicide weapon which, was a MAC-11 machine gun. All the participating agencies, state and local, assisted in obtaining background information from their records relative the the hundreds of individuals who came under the scrutiny of this investigative effort. In the final phase of the investigation, prosecutors from the United States Attorney's office and the Baltimore County States Attorney's office combined their resources and as a result, Grandison and three co-defendants were convicted and sentenced in U.S. District Court, Baltimore, Maryland, with all but one of the subjects receiving life sentences. It is anticipated that homicide charges by the state of Maryland will be pursued commencing in April, 1984.

QUESTION: The FBI's involvement in this area is relatively new. Could you comment on the benefits that this new jurisdiction may have created?

RESPONSE: The Federal Bureau of Investigation was given concurrent jurisdiction with the Drug Enforcement Administration (DEA) over investigations of Title 21 Controlled Substances Act violations in January, 1982. Following the implementation of directives that had been agreed upon by the FBI and DEA, considerable FBI agent manpower and equipment resources were dedicated to narcotics investigations. As of December, 1983, FBI manpower resources targeted at narcotics investigations totaled 1,019 full-time agents. Of that number, 448 agents were working full-time on OCDE Task Force cases. The FBI has many other investigative responsibilities, both in the criminal and the counterintelligence fields and recognizes that primary investigative responsibility regarding violations of Federal narcotics laws lies with DEA. However, the FBI's expertise, particularly in the area of organized crime and in the conducting of long-range, sophisticated investigations targeted at major traffickers, has enhanced the overall Federal narcotics enforcement program. This is particularly true when the above FBI

resources have been coupled with DEA expertise in the area of utilization of undercover agents and informant coverage.

The introduction of the Task Force concept in January of 1983 has served to improve what had already been a good combined effort by the FBI and DEA in the narcotics enforcement area. The regional Task Force concept and the administrative vehicle of the Core City Coordination Group has certainly improved the cooperation and coordination effort among the several participating Federal agencies. The increased Task Force funding has not only provided sorely needed equipment resources, particularly with regard to vehicles and communications equipment, but has permitted the FBI to enhance its manpower commitment to the narcotics enforcement effort by a total of 336 agents on a full-time basis.

The Task Force program that permits reimbursement of overtime costs to state and local officers who are involved full-time in assisting in Federal narcotics Task Force cases has resulted in a significant state and local law enforcement involvement in Federal Task Force cases and has complemented the professional rapport, cooperation, and trust between state, local, and Federal narcotics officers.

The program of Federal deputization of state and local officers involved full-time in Task Force matters in situations where the local/state officer is involved in law enforcement functions in geographic areas outside of his territorial jurisdiction has contributed to the overall success of several Task Force investigations. Such a program is especially helpful in rural areas where there may be significant narcotics trafficking and only a minimal Federal law enforcement presence. In such a situation, state and local officers can and have been deputized as United States Special Deputies, thus providing an immediate and experienced narcotics investigative resource.

Currently, there are 54 pending Task Force cases within the Mid-Atlantic Region. The FBI is contributing manpower and

resources in 37 of the 54 pending cases. In 24 of those cases, the FBI is responsible for the overall coordination of the Task Force investigative effort.

In conclusion, let me again reiterate that primary jurisdictional investigative responsibility for Federal narcotics laws rests with the Drug Enforcement Administration. The FBI will continue to assist in this vital area to insure a continued synchronized, coordinated effort on the Federal level. It is imperative that jurisdictional integrity be maintained and that the several Federal agencies participating in the Task Force concept continue to offer expertise and resources in their traditional jurisdictional area of expertise.

Senator BIDEN. I will conclude the hearing by suggesting to you that I think we do have, for the first time in my 11 years in the U.S. Senate, a committed Congress. We are beginning to do what you have begun to do. I compliment the President for his focus on this. Even though I have strong disagreements with his vetoing my drug czar, and I have disagreements with his vetoing the crime bill, the fact of the matter is that I am completely convinced that he is committed to this effort. That, in and of itself, is vitally important.

Let me just say this. The reason why these things are going to work, if I can echo the U.S. attorney from Baltimore, is that I think the coordination is really important in terms of how people are going to relate to one another. The reason why these crime bills got through the Senate, and why they are going to get through again, is because Senator Thurmond—if anyone had told you that Thurmond and Biden were going to be responsible for coordinating this effort, you probably would have had apoplexy. If you could pick two people who were least alike in the Senate, I suspect—well, you could have picked Thurmond and Metzenbaum or Thurmond and Kennedy or maybe Hatch and somebody. But the fact of the matter is that we are not really close ideologically.

We sat down in the beginning of the session when he became chairman. I went to him and said: Look, Mr. Chairman, there are a lot of things we agree on. Why don't we agree on what we can agree on, and leave what we disagree on out of the package? And Strom Thurmond, to his credit, has stood up on the floor of the U.S. Senate and argued against amendments creating the death penalty, which I am sympathetic to, argued against amendments from his folks on the right of center in the U.S. Senate, establishing all kinds of different things that were extremely controversial. They were like waving the red flags in the U.S. Senate. And he fought them being added to our bill.

I, in turn, did the same thing with regard to things my liberal acquaintances in the Senate wanted to do.

It was only by both of us making everyone else angry that we were able to put together a package that passed in the Senate. And I can see you doing the same thing here. You are putting away your individual egos, in terms of how you do this.

DEA has had a rough time. DEA has had a real rough road, and now being folded into the FBI was something that you all were not that sure would work. But I think that it is working pretty well so far.

Mr. WILDER. It has been very positive.

COMMENDATION OF WITNESSES

Senator BIDEN. Let me conclude by saying that I really am very, very proud of Delaware and the Delaware State Police. I mean, you really are the best. I really mean it. I have sat in this job for 11 years, day after day in hearings like this. I meet your counterparts from all over the country. I have been everywhere, from Philadelphia to St. Louis, to California, and seen all the local police agencies. You guys are the best, you really are.

I think one of the reasons why, in fairness to everyone else, is we should be the best. We have the greatest tradition of having a coordinated effort. You have not had as many jurisdictional problems as others have had, and we are small enough.

I think we can learn an awful lot from this Mid-Atlantic Task Force. We are going to be doing this and looking at other task forces around the country.

The reason we came today was for the reason—and I forget which U.S. attorney stated it—that we believe very strongly in a bipartisan way that it is important for you all in the field to know that we in fact are not divided on party lines, are not divided in the Congress on our willingness to continue the resources, notwithstanding budget deficits or anything else that you need in order to make the job one that you have a chance of succeeding at.

The Justice Department put out a study, and I think it is interesting. Fifty-five percent of all the violent crimes in America is directly related to drugs.

By the way, unless we can do something about interdicting it and stopping it at the source, you guys are never going to be able to do your job.

That is why I think we still need the Cabinet-level coordinator, to get State Department, CIA, and other people in. But that is not what we are talking about now.

The fact of the matter is, if I read correctly, the American citizen has a greater chance of being a victim of crime than they do being in an automobile accident. If that is not defense problem, if that is not as important as anything else, I do not know what is.

I compliment you on your efforts. You make us proud of the way you have been willing to put all your jurisdictional difficulties, to the best of your ability, beside you.

I particularly compliment you, from Baltimore, you are the guy who has been the point man on this. I think you have done one hell of a job. I say that on the record. And those who know me, those like Simpson and Farnan and the DEA fellows, you know that, when I do not think something—I do not do that just gratu-

itously. I spend most of my time pointing out what people do not do.

My compliments to you all. Thank you for taking the time today. Anything we can do, we need to know from the field what you need. The only way we can find out for sure is that way.

Keep up the good work.

The hearing is adjourned.

[Whereupon, at 12:35 p.m., the meeting was adjourned.]

○